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ABSTRACT

The administration of the Post Vietnam Era Veterans' Educational Assistance Program by the Veterans' Administration is described, and the operation of the program within the Department of Defense and its components is covered. Appended materials include proposed rules for a new participatory program for educational assistance for persons who first entered active duty in the Armed Forces after December 31, 1976; instructions for processing claims under the program; and changes in the refund and payment procedures. The Department of Defense section of the report describes program recruitment, inservice programs, enrollment procedures, Department of Defense contributions to the fund, and program participation statistics. (SW)

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96th Congress
1st Session

SENATE COMMITTEE PRINT NO. 12

IMPLEMENTATION OF THE POST-VIETNAM ERA VETERANS' EDUCATIONAL ASSISTANCE ACT OF 1977

AN ANNUAL JOINT REPORT

PREPARED BY THE

VETERANS' ADMINISTRATION

AND THE

DEPARTMENT OF DEFENSE

(Pursuant to Section 1642 of Title 38, United States Code)

SUBMITTED TO THE

COMMITTEE ON VETERANS' AFFAIRS
UNITED STATES SENATE

JULY 5, 1979

U.S. DEPARTMENT OF HEALTH, EDUCATION & WELFARE
NATIONAL INSTITUTE OF EDUCATION

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Second Annual Report to Congress on the Post-Vietnam Era Veterans' Educational Assistance Program

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CHAPTER 32—POST-VIETNAM ERA VETERANS' EDUCATIONAL ASSISTANCE

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Subchapter IV—Administration

* * * * * * *

§ 1642. Reporting requirements

The Administrator and the Secretary shall, within 90 days after the date of enactment of this chapter, submit to the Committees on Veterans' Affairs of the Senate and House of Representatives a joint report containing their respective plans for implementation of the program provided for in this chapter. The Administrator and the Secretary shall submit to such committees a report each year detailing the operations of the program during the preceding year. The first such annual report shall be submitted 15 months after the date of enactment of this section.

* * * * * * *

LETTER OF TRANSMITTAL

VETERANS ADMINISTRATION
OFFICE OF THE ADMINISTRATOR OF VETERANS AFFAIRS
WASHINGTON, D.C. 20420

MARCH 26 1979

Honorable Alan Cranston
Chairman
Committee on Veterans' Affairs
United States Senate
Washington, D.C. 20510

Dear Mr. Chairman:

Title 38, United States Code, Section 1642 requires that the Administrator of Veterans' Affairs and the Secretary of Defense submit to your committee each year a report detailing the operations of the Post Vietnam Era Veterans' Educational Assistance Program during the preceeding year. This second annual report, Section one of which is enclosed, describes the administration of the chapter 32 program by the Veterans Administration. Section two will be submitted separately by the Department of Defense and will deal with the operation of the program within the Department of Defense and its components.

Sincerely,

MAX CLELAND
Administrator

Enclosure

INTRODUCTION

The Post-Vietnam Era Veterans' Educational Assistance Act of 1977 enacted under Title IV of Public Law 94-502, established a contributory educational assistance program under chapter 32 of Title 38, United States Code. The purpose of chapter 32 is to provide educational assistance to those persons who initially enter the armed forces after December 31, 1976 and are not covered by the provisions of chapter 34, (Veterans' Educational Assistance) to assist them in obtaining an education they might otherwise be unable to afford and to attract qualified persons to serve in the armed forces. Eligibility for participation in the chapter 32 program is extended to active duty personnel in the U.S. Coast Guard, the U.S. Public Health Service, the National Oceanic and Atmospheric Administration and military personnel in the Department of Defense.

This report is in response to requirements specified in Title 38, United States Code, Section 1642, that a report be submitted annually to the Committees on Veterans' Affairs of the Senate and House of Representatives. Section one of this second report describes the administration of the chapter 32 program by the Veterans Administration. Section two discusses the operation within the Department of Defense and its components.

Department of Veterans Benefits
Veterans Administration
Washington, D. C. 20420

DVB Circular 20-77-25
Appendix B
October 3, 1978

CHAPTER 32 PROCESSING - OVERVIEW

1. Purpose. This appendix provides an overview of chapter 32 processing and includes a brief description of the new Chapter 32 Banking System. This appendix is not intended to set out detailed procedures but is for information purposes only. Other appendixes will include detailed processing instructions.

2. Chapter 32 Banking System. A new computerized system, called the Chapter 32 Banking System, has been developed and installed at the DPC (Data Processing Center) in Austin, Texas. This system maintains the records of participants' contributions, DOD (Department of Defense) contributions, as well as statistical data on each participant.

a. Input - Service Departments. By the 10th of every month, each of the service departments will provide a check and a computer tape to DPC Austin. This check and the accompanying tape represent the contributions collected by allotment from the participants' military pay for the preceding month plus any DOD contributions. (NOTE: No DOD contributions have been made to date.) The tapes will establish a master record in the banking system reflecting the contributions for each participant and will update each master record on a monthly basis.

b. Input - VA. Input transactions to refund a participant's contributions will be made by the Veterans Administration. Any DOD contributions will be refunded to the appropriate service department. These transactions will also be processed on a monthly basis.

c. Output. The monthly processing will produce error and diary messages, RPO's (record printouts), "bank" statements for participants on active duty, and data for BIRLS and AMIS.

3. Chapter 32 Processing

a. Contributions

(1) Participants contribute to the chapter 32 fund by monthly allotment deducted from their military pay.

B. Interim Procedures. Until such time as these regulations are promulgated, the Veterans Administration will continue to operate under the guidelines established in DVB Circular 20-77-25, issued in coordination with the Department of Defense. DVB Circular 20-77-25, Appendix A, Revised, was implemented during calendar year 1977 and was made a part of the first annual report. DVB Circular 20-77-25, Appendix A, Change 1, which was implemented during the last month of calendar year 1977, is provided in Appendix A of this report. DVB Circular 20-77-25, Appendix A, Revised, Changes 2 and 3, and Appendices B and C have been published this calendar year and are provided in Appendix A of this report. Appendix B gives an overview of chapter 32 processing including the participants' allotment from military pay, the transfer of funds to the VA where they are maintained in the chapter 32 banking system, and the processing flow of claims for benefits and requests for refunds. Appendix C provides detailed instructions to the VA regional offices for processing claims.

Title 38, United States Code, Section 1624, prescribes what shall be done with unused contributions if a participant dies. To date, 61 such cases have been identified. DVB Circular 20-77-25, Appendix D, is being developed to provide regional offices with interim instructions for handling such cases. In brief the procedures are:

1. The Veterans Administration receiving notice of a veteran's death determines whether the individual was a participant with unused contributions remaining.

2. After a claim has been solicited and/or received, the regional office will obtain a certification of designated

beneficiary(ies) from the insurance activity at the VA Center in Philadelphia.

3. If appropriate, the regional office will then authorize payment through the Payment Processing Unit at the Veterans Administration Data Processing Center, Hines, Illinois.

1.2 Maintenance of Fund

A. Banking System. Records of contributions from the participants, along with any contributions from the Department of Defense, are currently maintained by the Veterans Administration in a computerized system at the VA Data Processing Center in Austin, Texas, known as the Chapter 32 Banking System. Preparations were begun in September to transfer the banking system to Hines, Illinois since it was decided to put chapter 32 benefit payments directly into the new computer system, Target. This plan was implemented to phase in automated benefits payments in readiness for the first major surge of applicants expected in January 1980.

Refinements of computer programs were made in 1978 to improve processing efficiency and reporting accuracy. New reports to assist in answering inquiries concerning refunds, eligibility for benefits, and status of the fund was established. Because of the increased volume of refunds, processing was increased from once a month to three times a month.

Since the entire financial benefits system is being redesigned, it was decided in May to put chapter 32 benefit payments directly into the new Target system.

Data obtained from the banking system were used to determine the participation rate and amounts of contributions during

the two calendar years 1977 and 1978 and are presented below. These data are based upon actual transactions received by the Veterans Administration from the individual Services. Total participants means all persons who contributed to the program during calendar years 1977 and 1978.

CHAPTER 32 PARTICIPATION/DISENROLLMENT REFUND DATA
(Calendar Years 1977 and 1978)

	Total Participants		Total Contributions		Total Number of Disenrollment Refunds Paid		Total Amount of Disenrollment Refunds Paid	
	1977	1978	1977	1978	1977	1978	1977	1978
Army	26,091	65,614	$7,202,465	$23,798,975	504	6,473	$84,250	$3,376,970
Navy	13,571	32,739	3,704,140	11,988,605	212	1,979	27,425	1,143,875
Marine Corps	2,438	6,622	676,030	2,330,540	138	169	24,095	106,135
Air Force	507	4,854	103,810	1,640,110	5	148	750	49,980
Coast Guard	256	735	67,035	347,385	0	17	0	9,880
PHS*	69	224	20,670	93,495	0	4	0	2,625
NOAA**	2	13	475	4,265	0	0	0	0
TOTAL	42,934	110,801	$11,774,625	$40,203,375	859	8,790	$136,520	$4,689,465

* Public Health Service

** National Oceanic and Atmospheric Administration

NOTE: The data presented here are taken from Veterans Administration computer systems and differ from figures shown in Part II of the report since the information represents all actual processing accomplished during the cited period.

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B. Payment Processing Unit. Applications for benefits under this program are processed by each VA regional office. After determining eligibility, the regional offices complete the appropriate authorization forms and forward them to the Payment Processing Unit at the VA Data Processing Center, Hines, Illinois. This unit is located in the Finance Division which manually performs all processing functions including the following:

1. Computes monthly rates
2. Computes benefit payment amounts
3. Issues payment vouchers to Treasury for the release of checks
4. Calculates accounts receivables
5. Maintains all payment records
6. Releases award letters, overpayment notices, certification of attendance letters, delinquent certification letters and other letters.

Upon full implementation of the new computer system, Target, it will no longer be necessary to utilize the Payment Processing Unit.

C. Interagency Agreement Changes. On November 1 and 2, 1978, the VA hosted a conference at which representatives from the VA, DoD, and each Service discussed aspects of program operations. Problems were identified and examined and some solutions were agreed upon. It was also agreed that some of the areas examined would require further study.

Many of the issues on which agreement was reached involved areas covered by the Interagency Agreement Between the Veterans Administration and the Department of Defense and, as such, require formal amendment to the document. Although not yet amended, the following is a brief summary of the main changes upon which the conference participants agreed:

1. The VA will provide a list of error codes with an explanation of required actions for each. This will enable the Services to take appropriate action when they receive an action message generated from the Chapter 32 Banking System.

2. Operational details were established, including delivery dates of checks and tapes, tape specifications and label requirements.

Representatives from the Coast Guard, Public Health Service and the National Oceanic and Atmospheric Administration indicated compliance with the joint regulations and DoD directives where applicable.

1.3 Administration of Benefits

The Veterans Administration has the sole responsibility for the administration of educational assistance benefits under chapter 32, Title 38, United States Code and has dedicated a considerable amount of staff time toward the development of systems and procedures for processing applications as they are

received. Applications for benefits under this program are processed by the VA regional office having jurisdiction over the area where the training is given, except for correspondence training, in which case it may be processed by the regional office having jurisdiction over the area where the veteran is living.

A. Changes in Program Forms and Publication of Informational Pamphlet. VA Form 22-8821, Application for Educational Assistance (For Post-Vietnam Era Veterans under Chapter 32, Title 38, U.S.C.) has been published and distributed and a copy is provided in Appendix A. This form is used for all chapter 32 educational assistance programs except the Predischarge Education Program (PREP) for which a separate application form, VA Form 22-8821p, Application for Predischarge Education Program (PREP), has been developed and is pending publication.

VA Form 4-5281, Notice of Disenrollment and Application for Funds Deposited in Post-Vietnam Era Veterans' Educational Assistance Program, has been revised and a copy is provided in Appendix A.

An informational pamphlet (VA Pamphlet 22-79-1) entitled, "Summary of Educational Benefits Under the Post-Vietnam Era Veterans Educational Assistance Program - VEAP," has been developed and is pending publication. This pamphlet is designed to provide information for servicepersons and veterans regarding eligibility requirements, benefit payment amounts, and various program features and limitations.

B. Areas of Concern. One area of concern involves counseling of individuals by the Services who entered active duty during 1977. Such individuals must be advised on whether they are covered under chapter 34, title 38, U.S.C., section 1652(a)(1)(B), because of delayed entry or whether they are covered under chapter 32. DVB Circular 20-76-84, Appendix P. changes 8 and 9, copies of which are contained in Appendix A, explain the eligibility requirements under 38 U.S.C., section 1652(a)(1)(B).

This area is complex and it is possible that some servicepersons who entered active duty during 1977 may have been improperly advised as to the program under which they are covered. In some instances, individuals who are eligible under chapter 34, have been contributing to VEAP, Chapter 32. In other instances, individuals have assumed or have been erroneously advised that they are eligible under the G.I. Bill, chapter 34, when they should have been contributing to VEAP, chapter 32. The latter is by far the most serious since these individuals are not eligible for benefits under either program.

Another area of concern is that the law fails to provide educational assistance under either chapter 34 or chapter 32 to certain individuals. These individuals are those who initially entered active duty before January 1, 1977, served less than 181 days, were discharged for a reason other than service-connected disability and reentered active duty on or after January 1, 1977. These persons are not considered eligible under chapter 34 because they did not serve 181 days on active duty nor are they considered eligible under chapter 32 because they did not "initially" enter military service or or after January 1, 1977.

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A final area of concern is that a significant number of veterans who have applied for chapter 32 benefits have requested vocational counseling. Unlike chapter 31, chapter 34 and chapter 35, there is no provision in the law authorizing this service for chapter 32 beneficiaries except in cases of unsatisfactory progress or conduct and/or second change of program.

1.4 Progress to Date

It is estimated that there will be no significant number of chapter 32 applications for benefits until 1980. This is due to the fact that most participants who entered the Service after December 31, 1976, and who began authorizing payroll deductions at the beginning of the chapter 32 program in 1977, will not complete their first enlistment (usually three years) until that time. Veterans Administration data shows that there were 100 veterans who received chapter 32 benefits during calendar year 1978, with 72 veterans in training at the end of December 1978. This information along with participant contributions and Veterans Administration matching funds are presented below.

Summary of Chapter 32 Benefits
Calendar Year 1978

Training Type	Number In Training	Individual Cost	VA Cost	Total Cost
Graduate	4	$ 1,405.00	$ 2,810.00	$ 4,215.00
Undergraduate	32	7,022.43	14,044.86	21,067.29
Junior College	50	10,886.38	21,772.76	32,659.14
Vocational/Technical	10	1,634.50	3,269.00	4,903.50
High School	4	316.36	632.72	949.08
Elementary	0	.00	.00	.00
Flight	0	.00	.00	.00
College Correspondence	0	.00	.00	.00
Non College Corresp.	0	.00	.00	.00
Total	100	$21,264.67	$42,529.34	$63,794.01

Summary of Chapter 32 Benefits
Month of December 1978

Type Training	Number In Training	Individual Cost	VA Cost	Total Cost
Graduate	4	$ 280.00	$ 560.00	$ 840.00
Undergraduate	26	2,441.14	4,882.28	7,323.42
Junior College	36	3,049.71	6,099.42	9,149.13
Vocational/Technical	5	393.67	787.34	1,181.01
High School	1	.00	.00	.00
Elementary	0	.00	.00	.00
Flight	0	.00	.00	.00
College Correspondence	0	.00	.00	.00
Non College Corresp.	0	.00	.00	.00
Total	72	$ 6,164.52	$12,329.04	$18,493.56

1-10

1.5 Evaluation of the Program

On December 31, 1978 there were 110,801 total participants, 8,790 persons who had disenrolled from the program during 1978 and 72 veterans who were receiving benefits for training.

Considering the fact that the majority of claimants for chapter 32 benefits will not be eligible to receive such benefits until completion of their 3 years enlistment (January 1980), the Veterans Administration believes that it is still too soon to accurately assess the program's viability. Vigorous efforts have been made to develop and improve appropriate mechanisms for maintaining contributed funds and for the processing of claims for benefits in a timely manner.

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Veterans Administration: Documentation

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7.	VA Form 4-5281, Notice of Disenrollment and Application for Funds Deposited in Post-Vietnam Era Veterans Educational Assistance Program	A-59
8.	DVB Circular 20-76-84, Appendix P, Change 8	A-60
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[8320-01-M]

VETERANS ADMINISTRATION

[38 CFR Part 21]

VETERANS' EDUCATION

Post-Vietnam Era Veterans; Educational Assistance

AGENCY: Veterans Administration and Department of Defense.

ACTION: Proposed regulations.

SUMMARY: The following regulatory provisions implement portions of the Veterans' Education and Employment Assistance Act of 1976. They deal with a new participatory program for educational assistance for persons who first enter active duty in the Armed Forces after December 31, 1976. The regulations included in this publication will implement this new program.

DATES: Comments must be received on or before March 5, 1979. It is proposed to make this amendment effective January 1, 1977, the effective date

of sections 401-408 of Pub. L. 94-502 (90 Stat. 2383).

ADDRESSES: Send written comments to: Administrator of Veterans Affairs (271A) Veterans Administration, 810 Vermont Avenue NW., Washington, DC 20420. Comments will be available for inspection at the above address during normal business hours until March 15, 1979.

FOR FURTHER INFORMATION CONTACT:

June C. Schaeffer, Assistant Director for Policy and Program Administration, Department of Veterans Benefits, Veterans Administration, 810 Vermont Avenue NW., Washington, DC 20420 (202-389-2092).

SUPPLEMENTARY INFORMATION: Chapter 32, title 38, United States Code, as added by sections 401-408 of Pub. L. 94-502, effective January 1, 1977, provides for a new participatory veterans educational assistance program to replace the previous nonparticipatory one. Service members will contribute varying amounts of money to a fund to be supplemented on a two for one basis by the Veterans Administration (with other supplemental funds, if any, from the Department of Defense). Individuals who qualify will be entitled to 36 months of benefits in an amount dependent upon their respective fund balances. These regulations are designed to incorporate policy used to administer chapters 34 and 36 educational assistance programs to the extent that the policies are consistent with the provisions of chapter 32. Other regulations proposed, of necessity, have no counterpart in former policies due to different legal criteria for eligibility, etc., required by the terms of chapter 32.

ADDITIONAL COMMENT INFORMATION

Interested persons are invited to submit written comments, suggestions or objections regarding the proposal to the Administrator of Veterans Affairs (271A), Veterans Administration, 810 Vermont Avenue NW., Washington, DC 20420. All written comments received will be available for public inspection at the above address only between the hours of 8 am and 4:30 pm Monday through Friday (except holidays), until March 15, 1979. Any person visiting Central Office for the purpose of inspecting any such comments will be received by the Central Office Veterans Services Unit in room 132. Such visitors to any VA field station will be informed that records are available for inspection only in Central Office and furnished the address and the above room number.

Approved: December 21, 1978.

MAX CLELAND,
Administrator of Veterans' Affairs.

Approved: December 28, 1978.

I. M. GREENBERG,
Deputy Assistant Secretary of Defense (Program Management).

In Part 21, a new Subpart G is added to read as follows:

Subpart G—Post-Vietnam Era Veterans' Educational Assistance Under 38 U.S.C. Ch. 32

ADMINISTRATIVE

Sec.
21.5001 Administration of benefits program; chapter 32.

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NONDISCRIMINATION IN VOCATIONAL REHABILITATION AND EDUCATIONAL PROGRAMS—TITLE VI, CIVIL RIGHTS ACT OF 1964

21.5300 Civil Rights.

EDUCATION LOANS

21.5400 Education loans.

AUTHORITY: 72 Stat. 1114, 90 Stat. 2382; (38 U.S.C. 210, 1001-1043).

ADMINISTRATIVE

§ 21.5001 Administration of benefits program; chapter 32.

The provisions of the following sections are to be applied in the administration of benefits payable under chapter 32, title 38, United States Code, in the same manner as they are applied for the administration of chapters 34 and 36:

(a) Section 21.4001—Delegations of authority.

(b) Section 21.4003—Finality of decisions.

(c) Section 21.4003—Revision of decisions.

(d) Section 21.4005—Conflicting interests.

(e) Section 21.4006—False or misleading statements.

(f) Section 21.4007—Forfeiture.

(g) Section 21.4008—Prevention of overpayments.

(h) Section 21.4009—Overpayments; waiver or recovery. (38 U.S.C. 1041)

GENERAL

§ 21.5020 Post-Vietnam era veterans' educational assistance.

Chapter 32, title 38, United States Code, effective January 1, 1977, provides for a participatory program for educational assistance benefits to veterans and service members eligible under the terms of § 21.5040. The intent of Congress is that this program shall:

(a) Provide educational assistance to those men and women who enter the Armed Forces after December 31, 1976,

(b) Assist such individuals to obtain an education they might not otherwise be able to afford, and

(c) Promote and assist the all volunteer military program of the United States by attracting qualified persons to serve in the Armed Forces. (38 U.S.C. 1601)

§ 21.5021 Definitions.

For the purpose of Subpart G and payment of chapter 32 benefits the following definitions shall apply:

(a) "Eligible veteran" or "veteran"—means any veteran whose service

meets the requirements of § 21.5040. The term includes a serviceman or servicewoman whose service meets the requirements of § 21.5040(d). (38 U.S.C. 1602)

(b) "Active duty"—means full-time duty in the Armed Forces or as a commissioned officer of the Regular or Reserve Corps of the Public Health Service or of the National Oceanic and Atmospheric Administration. It does not include any period during which an individual:

(1) Was assigned full-time by the Armed Forces to a civilian institution for a course of education which was substantially the same as established courses offered to civilians,

(2) Served as a cadet or midshipman at one of the service academies,

(3) Served under the provisions of section 511(d) of title 10, United States Code, pursuant to an enlistment in the military reserves or national guards,

(4) Served in an excess leave without pay status, or

(5) Served in a status specified in § 3.15 of this chapter. (38 U.S.C. 1602)

(c) "State"—means each of the several States, territories and possessions of the United States, the District of Columbia, the Commonwealth of Puerto Rico and the Canal Zone. (38 U.S.C. 101)

(d) "Unit"—means not less than one hundred and twenty 60-minute hours or their equivalent of study in any high school subject in 1 academic year. (38 U.S.C. 1641; 1788)

(e) "School", "educational institution", "institution"—mean the same as defined for chapter 34 benefits in § 21.4200(a)(1). (38 U.S.C. 1602; 1652)

(f) "Divisions of the school year"—means the same as defined in § 21.4200(b).

(g) "External degree", "standard college degree," "undergraduate college degree", "standard class session", and "institution of higher learning" have the same meaning as defined in § 21.4200 (d) through (h). (38 U.S.C. 1641; 1652)

(h) "Participant"—means a person who is participating in the educational benefits program established under chapter 32. This includes: (1) A person who has enrolled in and is making contributions by monthly payroll deduction to the "fund".

(2) Those veterans or servicepersons who have contributed to the "fund" and have not disenrolled (i.e., users or potential users of benefits). (38 U.S.C. 1602)

(i) "Fund"—means that trust fund account established to maintain the dollar contributions of the participant (and contributions, if any, from the Department of Defense). The statistical and dollar amount segment of this "fund" will be recorded and maintained by the Veterans Administration. (38 U.S.C. 1622)

(j) "Suspends"—means a participant stops contributing to the "fund" (temporarily or permanently). Such person can resume contributions without penalty and/or can utilize benefits accrued, if otherwise eligible. (38 U.S.C. 1621)

(k) "Disenrolls"—means a participant terminates participation and forfeits any entitlement to benefits except for a refund of his or her contributions previously made. (38 U.S.C. 1421)

(l) "Hardship" or "other good reasons"—means circumstances considered to be such by the Department of Defense and the Veterans Administration when referring to suspension or disenrollments, such as illness of the participant or a member of his or her immediate family, unexpected personal expense, etc. (38 U.S.C. 1621(b))

§ 21.5022 Eligibility under more than one program.

An individual eligible to receive educational assistance pursuant to chapter 32, title 38, United States Code, and the provisions of Subpart G is not eligible to receive educational assistance allowance pursuant to chapter 34, title 38, United States Code. If otherwise eligible, a veteran may receive vocational rehabilitation training pursuant to chapter 31, title 38, United States Code, and/or educational assistance allowance pursuant to chapter 35, title 38, United States Code, but not concurrently with benefits under chapter 32. The 48-month limitation on benefits under more than one program does not apply to benefits under chapter 32. (38 U.S.C. 1621)

§ 21.5023 Nonduplication; Federal programs.

An individual may not receive educational assistance allowance pursuant to chapter 32, title 38, United States Code, if the individual is:

(a) On active duty and is pursuing a course of education which is being paid for, in whole or in part, by the Armed Forces (or by the Department of Health, Education, and Welfare in the case of the Public Health Service), or

(b) Attending a course of education or training paid for, in whole or in part, under the Government Employees' Training Act and whose full salary is being paid to him or her while so training. (38 U.S.C. 1641, 1781)

CLAIMS AND APPLICATIONS

§ 21.5030 Applications, claims, informal claims, and time limits.

(a) An individual must apply to become a participant to his or her Service Department on forms prescribed by the Service Department and/or the Secretary of Defense.

(b) Rules and regulations of each Service Department and/or the Department of Defense shall apply to determine if the application constitutes a timely claim for participation.

(c) The provisions of the following sections shall apply to claims for educational assistance allowances or loans pursuant to chapter 32, title 38, United States Code, in the same manner as they are applied for the administration of chapters 34 and 36:

(1) Section 21.1030—Claims.

(2) Section 21.1031—Informal claims.

(3) Section 21.1032—Time limits. (38 U.S.C. 1641, 1671)

ELIGIBILITY

§ 21.5040 Basic eligibility.

Basic eligibility for educational assistance under chapter 32, title 38, United States Code, is subject to the following requirements:

(a) *Service.* The veteran must have initially entered into military service on or after January 1, 1977. He or she must serve on active duty for a period of 181 or more continuous days commencing on or after January 1, 1977, or, if the individual serves less than 181 continuous days after that date, he or she must have been discharged or released from active duty after January 1, 1977 for a service-connected disability. (38 U.S.C. 1602)

(b) *Periods excluded.* In computing the 181 or more continuous days of service, there will be excluded any period excluded by § 21.5021(b) from the definition of what constitutes "active duty". (38 U.S.C. 1602)

(c) *Discharge or release.* The veteran must have received an unconditional discharge or release from the initial period of military service required by paragraph (a) of this section, under conditions other than dishonorable and from any other period of service upon which eligibility is predicated, unless the individual is on active duty and qualifies under paragraph (d) of this section. A discharge or release will be considered to be unconditional if the individual was eligible for complete separation from active duty on the date the discharge was issued. The provisions of § 3.12 of this chapter as to character of discharge and § 3.13 of this chapter as to conditional discharges are applicable. (38 U.S.C. 1662)

(d) *Persons on active duty.* Educational assistance may be afforded a participating individual under chapter 32 even though the individual is on active duty: *Provided:*

(1) The individual initially entered into military service on or after January 1, 1977, served on active duty for a period of 181 or more continuous days after that date, and has completed the

lesser of the following two periods of active duty:

(i) The individual's first obligated period of active duty which began after December 31, 1976, or

(ii) The individual's period of active duty which first began after December 31, 1976, and which is 6 years in length, or

(2) The individual initially entered into military service on or after January 1, 1977, and served on active duty for a period of 181 or more co tinuous days after that date and the individual is training under the Predischarge Education Program in the last 6 months of the individual's first period of active duty which began after December 31, 1976. (38 U.S.C. 1431(b)). See § 21.5233.

§ 21.5041 Periods of entitlement.

(a) No educational assistance benefits shall be afforded an eligible veteran or serviceperson under chapter 32 beyond the date of 10 years after his or her last discharge or release from active duty. (38 U.S.C. 1632)

(b) The veteran may use his or her entitlement at anytime during the 10-year period determined under paragraph (a) of this section and is not required to use it in consecutive months. (38 U.S.C. 1632)

PARTICIPATION

§ 21.5060 Requirements for participation.

(a) *General.* An individual, who is otherwise eligible to become a participant, must apply to the Service Department under which he or she serves upon forms prescribed by the Service Department and/or Secretary of Defense. No application to participate may be made prior to entry upon active duty and each application must be submitted in time to permit the Service Department to make the required deduction from the individual's military pay for at least 1 month prior to the discharge or release of the applicant from active duty. (38 U.S.C. 1621)

(b) *Minimum period of participation.* Each individual who agrees to participate must do so for a minimum period of 12 consecutive months and the Service Department will withhold at least the minimum contribution of $50 per month from the pay of the individual for such period, unless the participant is permitted to suspend for hardship reasons, is allowed to disenroll for hardship reasons, is discharged or released from active duty, or otherwise ceases to be legally eligible to participate. During the 12-month period the participant may increase or decrease the amount of the contribution as provided in paragraph (e) of this section but may not terminate all participation unless he or she qualified under one of the above exceptions. The inservice student must have completed 3 months of contributions to the fund before becoming entitled to receive benefits for any type of training except the Predischarge Education Program, and he or she must be serving on active duty in an enlistment or period subsequent to the periods of initial active duty defined in § 21.5040(c)(1) (i) or (ii), except in the Predischarge Education Program. To qualify for payment for the Predischarge Education Program training the individual must meet the requirements of paragraph (c) of this section and must have made a contribution to the fund for at least 1 month. (38 U.S.C. 1621, 1631)

(c) *Predischarge Education Program.* Participants, who otherwise qualify, may receive up to 6 months of benefits for Predischarge Education Program training, without a charge to chapter 32 entitlement, at the rate of $311 per month for full-time training, or the cost of the course, whichever is the lesser, provided:

(1) The individual has contributed to the fund for at least 1 month, and

(2) The training is received while the individual is serving the last 6 months of his or her first enlistment after December 31, 1976. Similar training may be taken in subsequent enlistments, but it will not be considered to be Predischarge Education Program training and the benefits will be paid on the same basis as any other type of chapter 32 training, with a charge to entitlement. (38 U.S.C. 1631, 1696)

(d) *Dates of participation.* A person may participate on or after January 1, 1977, but may not enroll to participate after December 31, 1981, unless the program is extended as provided in section 408, Pub. L. 94-502 (90 Stat. 2398) and may not, having participated, receive benefits prior to July 1, 1977 unless discharged after January 1, 1977 for a service-connected condition.

(e) *Amount of participation.* The individual applying to participate must specify the amount of his or her participation by a contribution to the fund of at least $50 per month but not more than $75 per month. The participant may at any time during the period of participation increase or decrease the amount of his or her monthly contribution to the fund and may do so more than one time, but no more frequently than once per month. The amount of the participant's authorized contribution must always be divisible by five. (38 U.S.C. 1622)

(f) *Maximum contribution.* A person whose contribution is at the rate of $75 per month may contribute for a maximum of 36 months; a person contributing $50 per month may contribute for a maximum of 54 months; persons contributing amounts between these amounts may only contribute for the number of months required to reach $2700 of total contributions, i.e., more than 36 and less than 54 months. (38 U.S.C. 1622)

(g) *Resumption of participation.* A participant, who remains otherwise eligible, may resume active contribution to the fund, if he or she has voluntarily elected to suspend following completion of minimum participation as defined in paragraph (b) of this section or has suspended at any time for reason of hardship. A person who has disenrolled may reenroll, but will have to qualify for minimum participation as described in paragraph (b) of this section. If a person does reenroll he or she may not "repurchase" entitlement by tendering previously refunded contributions which he or she received upon disenrollment. (38 U.S.C. 1621)

(h) *Participation after discharge.* A person may not continue to make contributions to the fund after date of discharge. (38 U.S.C. 1622)

§ 21.5061 Disenrollment.

(a) *Disenrollment.* A participant may elect to disenroll at any time within the initial 12 months of participation for reasons of personal hardship and at any time after the initial 12 months of participation without such a reason. The Veterans Administration and/or Department of Defense may under circumstances described in paragraph (b) (3) and (4) of this section disenroll the participant without his or her consent. If a participant disenrolls or is disenrolled, he or she will be granted a refund of all contributions made by the individual to the fund and will be ineligible to receive benefits under §§ 21.5130 and 21.5131 unless the individual reenrolls as a participant and agrees to participate for a new period of 12 consecutive months as provided in § 21.5050(g). The amount of the contributions refunded upon disenrollment shall be limited to the amount of his or her contributions not utilized to receive benefits as of the date of disenrollment. (38 U.S.C. 1621; 1623)

(b) *Date of disenrollment and date of refund.* An individual who is a participant will be disenrolled effective the date the Veterans Administration or the Service Department determines he or she has ceased to be legally entitled to participate or the date the request of the participant for voluntary disenrollment is received by the Service Department, whichever is the earlier. The date upon which the refund of contributions, if any, will be made shall be determined as follows:

(1) If a participant voluntarily disenrolls from the program prior to discharge or release from active duty, such participant's contributions remaining in the fund will be refunded

on the date of the participant's discharge or release from active duty or within 60 days of receipt of notice by the Veterans Administration of the participant's discharge or disenrollment, except that refunds may be made earlier in instances of hardship or for other good reasons.

(2) If a participant voluntarily disenrolls from the program after discharge or release from active duty, under other than dishonorable conditions, the participant's contributions remaining in the fund shall be refunded within 60 days of receipt by the Veterans Administration of an application for a refund from the participant.

(3) A participant who is discharged or released from active duty under dishonorable conditions will be automatically disenrolled and will be refunded any contributions remaining in the fund on the date of the participant's discharge or release from active duty or within 60 days of receipt of notice by the Veterans Administration of the participant's discharge or release, whichever is the later.

(4) A participant who has not utilized all of his or her entitlement to benefits within the 10-year delimiting period stated in § 21.5041 will be automatically disenrolled and participant's contributions remaining in the fund shall be refunded.

(i) The Veterans Administration shall notify the participant that the delimiting period has expired and shall state the amount of unused contributions for which a refund will be made.

(ii) No refund will be made under this subparagraph unless the participant shall request it.

(iii) If no request is received by the Veterans Administration within 1 year from the date that the participant was notified of his or her entitlement to a refund, it will be presumed that the participant's whereabouts is unknown and the funds on deposit for that participant will be transferred in accordance with the provisions of section 725a, title 31, United States Code. (38 U.S.C. 1623, 1632)

§ 21.5052 Suspension of participation.

A participant may suspend participation in the program without disenrolling. If the person suspends participation he or she may resume participation at any time thereafter while on active duty.

(a) A participant may suspend participation anytime after 12 months of participation, at his or her election, but

(b) An individual who has participated for less than 12 consecutive months may not suspend unless the Secretary of Defense determines that the reason for the suspension is due to a personal hardship. (38 U.S.C. 1621)

§ 21.5053 Death of participant.

If a participant dies, the amount of his or her unused contributions to the fund shall be paid:

(a) To the beneficiary or beneficiaries designated by the participant under the participant's Servicemen's Group Life Insurance policy, or

(b) To the participant's estate if no beneficiary has been designated under the participant's Servicemen's Group Life Insurance policy or if the participant has no such policy. (38 U.S.C. 1624)

Entitlement

§ 21.5060 Entitlement.

A participant shall be entitled to a maximum monthly benefit equal to the months of participation, not to exceed 36, or the equivalent in part-time training, for periods of time during which the individual is enrolled in, and satisfactorily pursuing, an approved program of education as elsewhere provided in this Subpart G. The amount of the benefit payment will vary from individual to individual and, in some instances, from month to month in accordance with the provisions for payment set forth in § 21.5131. The number of months of entitlement charged for each benefit payment for an applicable benefit period shall be determined as follows:

(a) *Residence training.* One month of entitlement will be charged for each sum of money paid equivalent to what the veteran would have been paid had he or she been a full-time student for 1 month. When the computation results in a period of time other than a full month, the entitlement charge will be prorated. (38 U.S.C. 1631)

(b) *Predischarge Education Program.* No entitlement charge will be made. (38 U.S.C. 1641, 1696)

(c) *Flight and correspondence training courses.* A charge against the period of entitlement for a program consisting exclusively of flight training or correspondence training will be made on the basis of 1 month for each sum of money paid equivalent to the dollar value of a month of entitlement as determined under § 21.5131(b)(4), which is paid to the veteran or serviceperson as an educational assistance allowance for such course.

(1) When the computation results in a period of time other than a full month the charge will be prorated.

(2) If the individual is contributing to the fund at the same time that benefits are being used or contributes additional sums subsequently, the entitlement charges will not be recomputed. Thus if the monthly rate arrived at by applying the formula is determined to be $150 at the time that a benefit payment for flight or correspondence training is computed the individual will be charged 1 month of entitlement for each $150 paid. If a different monthly rate is computed at the time of a subsequent payment for such training, no adjustment will be made in the entitlement charged for the previous payment(s) even though the value of each month's entitlement may vary from payment to payment. (38 U.S.C. 1631(c))

§ 21.5061 Excessive absences.

Where absence deductions are made throughout an enrollment period the combined portions of a month for which absence deductions were made will be computed and no entitlement charge will be made for the combined deductions. (38 U.S.C. 1641, 1780)

§ 21.5062 Active duty.

A charge against the period of entitlement for a program of education pursued by a serviceperson on active duty will be made on the basis described in § 21.5060. (38 U.S.C. 1631)

§ 21.5063 Overpayment cases.

Entitlement will be charged for an overpayment in educational assistance allowance only if the overpayment is discharged in bankruptcy or waived and is not recovered. The charge will be at the appropriate rate for the elapsed period covered by the overpayment. (38 U.S.C. 1631)

§ 21.5064 Interruption to conserve entitlement.

A certified period of enrollment may not be interrupted for the purpose of conserving entitlement. Nor may a period of enrollment be certified for a fractional part of the normal term, quarter or semester if the eligible veteran is actually enrolled for the term, quarter or semester. Entitlement will be charged for the entire period of enrollment certified, if otherwise eligible for benefits, except when benefits are interrupted under any of the following conditions:

(a) Enrollment is actually terminated;

(b) Enrollment is canceled and no educational benefits check has been negotiated for any part of the certified period of enrollment;

(c) Enrollment is interrupted at the scheduled end of any term, quarter, semester or school year within the certified period of enrollment and no check for educational benefits has been negotiated for the succeeding term, quarter, semester or school year;

(d) Interruption or cancellation is requested for any break when a school was closed during a certified period of enrollment and payments were continued under an established policy based upon an Executive order of the President or due to an emergency situation whether or not a check for education-

al benefits for the certified period has been negotiated. (38 U.S.C. 1641, 1780)

COUNSELING

§ 21.5100 Counseling.

(a) The purpose of counseling is to assist in selecting an objective, in developing a suitable program of education or training and in resolving any personal problems which are likely to interfere with successful pursuit of a program.

(b) Except as specified by § 21.5102, counseling will be required before a second or subsequent change of program is approved, or before a change of program or reentrance is approved where an earlier course was discontinued because of unsatisfactory conduct or progress. (See § 21.4277) (38 U.S.C. 1641, 1791)

(c) Counseling may not be given for an initial course selected by a veteran or servicemember or for a first change from such course when conduct and progress are satisfactory.

§ 21.5101 Failure to cooperate.

When counseling is required and a veteran fails to report or fails to cooperate in the counseling process, further action on the application will not be taken.

§ 21.5102 Counseling: change or reentrance.

(a) *Required counseling.* When required, counseling, or additional counseling, will be required under the following circumstances.

(1) For any change of program if the program was interrupted or discontinued due to the veteran's or serviceperson's own misconduct, neglect, or lack of application; or

(2) For reentrance into training (same or different program) following discontinuance because of unsatisfactory conduct or progress under § 21.4277; or

(3) For a second or subsequent change unless a counseling psychologist finds on the basis of evidence submitted by the veteran or serviceperson and/or the evidence of record that the change requested is to a program suitable to the veteran's or serviceperson's aptitudes, interests, and abilities. (38 U.S.C. 1641, 1791)

(b) *Approval.* The counselor will recommend approval of a change of program or reentrance into the same program, if he or she finds that the program which the veteran or eligible serviceperson proposes to pursue is suitable to his or her aptitudes, interests, and abilities; and where the veteran's or serviceperson's program has been interrupted, or he or she has failed to progress in his or her program, due to his or her own misconduct, neglect or lack of application, or other reason the cause for the unsatisfactory progress or conduct has been removed and there exists a reasonable likelihood that there will not be a recurrence of such an interruption or failure to progress. Subject to these approval criteria, approval for changes of program subsequent to the second change may be recommended. (38 U.S.C. 1641, 1791)

§ 21.5103 Travel expenses.

(a) The Veterans' Administration shall determine and pay the necessary cost of travel to and from the place of counseling for veterans who are required to receive counseling in accordance with §§ 21.5100 and 21.5102: *Provided*, That:

(1) The Veterans' Administration determines that the veteran is unable to defray the cost based upon his or her annual declaration and certification, or

(2) The veteran has a service-connected disability.

(b) A disabled veteran who otherwise qualifies under paragraph (a) of this section shall be furnished the services of an attendant while traveling for counseling when an attendant is required because of the severity of the veteran's disability. (38 U.S.C. 111)

Cross-Reference: Authorization for travel of attendants. See § 21.274.

PAYMENTS; EDUCATIONAL ASSISTANCE ALLOWANCE

§ 21.5130 Payments: educational assistance allowances.

The provisions of the following sections are to be applied in the administration of benefits payable under chapter 32, title 38, United States Code, in the same manner as they are applied for the administration of chapters 34 and 36.

(a) Section 21.4130 (except that portion relating to apprenticeship and on-the-job training)—Educational assistance allowance.

(b) Section 21.4131 (except paragraphs (c)(3) and (e) of this section)—Commencing dates.

(c) Section 21.4132—Waiver of time limits.

(d) Section 21.4134—Withholding and discontinuance.

(e) Section 21.4135 (except paragraphs (b), (c), (d), (o), and (v) of this section)—Discontinuance dates.

(f) Section 21.4136—Certifications and release of payments.

(g) Section 21.4139 (except paragraph (b) of this section)—Payee.

(h) Section 21.4146—Assignments of benefits prohibited. (38 U.S.C. 1641)

§ 21.5131 Amount of benefit.

The amount of each participant's monthly benefit shall be computed as provided in paragraphs (a) through (d) of this section.

(a) *Residence training (monthly payment).* (1) Take the number of full months in the applicable benefit period. Add to it a figure obtained by dividing the number of days in excess of the number of full months by 30. Multiply by 1 if the veteran is a full-time student, by .75 if the veteran is a three-quarter time student, by .5 if the veteran is a half-time student and .25 if the veteran is a quarter-time student.

(2) Determine the amount of the veteran's contributions to the fund which still remains in the fund at the time of computation. Multiply this amount by the figure obtained in paragraph (a)(1) of this section. Divide the result by the number of months of the veteran's remaining entitlement. This is the veteran's portion of his or her benefit payment.

(3) Multiply the figure obtained in paragraph (a)(2) of this section by 2. This is the Veterans Administration's portion of the veteran's benefit payment.

(4) Determine the amount of contributions, if any, made to the fund by the Secretary of Defense, on behalf of the participant, which still remains in the fund at the time of the computation. Multiply this amount by the figure obtained in paragraph (a)(1) of this section. Divide the result by the number of months of the veteran's remaining entitlement. This is the Department of Defense's portion of the veteran's benefit payment.

(5) Add together the figures obtained in paragraph (a)(2), (3) and (4) of this section.

(6) Multiply the amount of the veteran's contributions to the fund which still remains in the fund at the time of the contribution by 2.

(7) Add together the amount of the veteran's contributions to the fund which still remains in the fund at the time of the computation; the contributions made by the Secretary of Defense to the fund on behalf of the participant which still remain in the fund at the time of the computation; and the figure obtained in paragraph (a)(6) of this section.

(8) The veteran's benefit payment is either the figure obtained in paragraph (a)(5) of this section or the figure obtained in paragraph (a)(7) of this section, whichever is less.

(9) This amount will be paid regardless of whether the training is pursued on a less than half-time basis or by in-service participants (i.e., prorated charges based on tuition and fees for chapter 34 do not apply to chapter 32 benefit payments). (38 U.S.C. 1631)

(b) *Flight training (monthly payment).* (1) Divide the amount of the veteran's contributions to the fund

which still remains in the fund at the time of the computation by the number of months of the veteran's remaining entitlement.

(3) Multiply the figure obtained in paragraph (b)(1) of this section by 2.

(3) Divide the amount of contributions made to the fund by the Secretary of Defense on behalf of the participant which still remains in the fund at the time of computation by the number of months of the veteran's remaining entitlement.

(4) Add together the figures obtained in paragraph (b)(1), (3), and (3) of this section. This is the veteran's full-time montly benefit rate.

(5) Divide the total flight charges for the training received during the month by the figure obtained in paragraph (b)(4) of this section.

(6) Multiply the amount of the veteran's contributions to the fund which still remains in the fund at the time of computation by the figure obtained in paragraph (b)(5) of this section. Divide the result by the number of months of the veteran's remaining entitlement. This is the veteran's portion of the benefit payment.

(7) Multiply the figure obtained in paragraph (b)(6) of this section by 2. This is the Veteran Administration's portion of the benefit payment.

(8) Multiply the amount of contributions made to the fund by the Secretary of Defense on behalf of the participant which still remains in the fund by the figure obtained in paragraph (b)(5) of this section. Divide the result by the number of remaining months of the veteran's entitlement. This is the Department of Defense's portion of the benefit payment.

(9) Add together the figures obtained in paragraph (b)(6), (7) and (8) of this section.

(10) Multiply the amount of the veteran's contributions to the fund which still remains in the fund at the time of the computation by 2.

(11) Add together the amount of the veteran's contributions to the fund, which still remains in the fund at the time of the computation; the contributions made by the Secretary of Defense to the fund on behalf of the participant which still remain in the fund at the time of the computation; and the figure obtained in paragraph (b)(10) of this section.

(12) The veteran's benefit payment is either the figure obtained in paragraph (b)(9) of this section or the figure obtained in paragraph (b)(11) of this section, whichever is less.

(13) The amount of the payment is based on 100 percent of the established charges for tuition and fees which similarly circumstanced nonveterans enrolled in the same flight course are required to pay. If the participant does not have sufficient funds available to cover the entire month's charges incurred, the excess charges shall remain unreimbursed, but if the participant is still participating or later participates again in the program by making a contribution to the fund, the additional entitlement thus acquired may be used to reimburse the participant for flight charges not previously reimbursed. The option is the participant's, and the election to apply new entitlement to old flight charges must be specifically made. Once this option is elected by the participant, it may be altered as to further new entitlement acquired, but may not be reversed as to payments made pursuant to the original election. (38 U.S.C. 1631)

(c) *Correspondence training (quarterly payment).* (1) The benefit payment for a participant who is pursuing a correspondence course shall be calculated in the same manner as that for a participant enrolled in a flight course except that in making the calculation the total charges for lessons completed during a quarter shall be used instead of flight charges for training received in a month.

(2) If the total charges for lessons completed during the quarter exceeds the benefit payment, the excess may be carried forward under the same conditions as provided for flight charges in paragraph (b)(13) of this section. (38 U.S.C. 1631)

(d) *PREP (lump-sum payment).* (1) The amount of payment shall be at the rate of $311 per month for full-time training, $233 for ¾ time training, $156 for ½ time training, and $78 for ¼ time or less training or the cost of the course, whichever is the lesser.

(2) Payment shall be made in a lump sum for the term, quarter or semester at the beginning of the month immediately following the month in which training begins. (38 U.S.C. 1641, 1696)

STATE APPROVING AGENCIES

§ 21.5150 State approving agencies

The provisions of the following sections are to be applied in the administration of benefits payable under chapter 32, title 38, United States Code, in the same manner as they are applied for the administration of chapters 34 and 36:

(a) Section 21.4150 (except paragraph (e) of this section)—Designation.

(b) Section 21.4151—Cooperation.

(c) Section 21.4152—Control by agencies of the United States.

(d) Section 21.4153—Reimbursement of expenses. (38 U.S.C. 1641, 1770, 1771, 1772, 1773, 1774)

SCHOOLS

§ 21.5200 Schools.

The provisions of the following sections are to be applied in the administration of benefits payable under the provisions of chapter 32, title 38, United States Code, in the same manner as they are applied for the administration of chapters 34 and 36:

(a) Section 21.4200 (except paragraph (c) of this section)—Definitions. (38 U.S.C. 1641)

(b) Section 21.4201—Restrictions on enrollment; percentage of students receiving financial support. (38 U.S.C. 1641, 1673(d))

(c) Section 21.4202—Overcharges; restrictions on enrollments. (38 U.S.C. 1641, 1790)

(d) Section 21.4203 (except paragraph (f)(3) of this section)—Reports by schools; requirements. (38 U.S.C. 1641, 1784)

(e) Section 21.4204 (except paragraph (e) of this section)—Periodic certifications. (38 U.S.C. 1641, 1784)

(f) Section 21.4205—Absences. (38 U.S.C. 1641, 1784)

(g) Section 21.4206—Reporting fee. (38 U.S.C. 1641, 1784)

(h) Section 21.4207—Failure of school to meet requirements. (38 U.S.C. 1641, 1790)

(i) Section 21.4208—Central Office Education and Training Review Panel. (38 U.S.C. 1641, 1790)

(j) Section 21.4209 (except so much of paragraph (c) of this section as relates to apprentice and other on-job training)—Examination of records. (38 U.S.C. 1641, 1790)

PROGRAMS OF EDUCATION

§ 21.5230 Programs of education.

The provisions of the following section are to be applied in the administration of benefits payable under chapter 32, title 38, United States Code, in the same manner as in the administration of chapters 34 and 36: Section 21.4230 (except paragraphs (c)(2), (d) and (e) of this section)—Requirements. (38 U.S.C. 1641)

§ 21.5231 Combination.

The provisions of § 21.4233(b), (c), and (e) are to be applied in the administration of benefits payable under the provisions of chapter 32, title 38, United States Code, in the same manner as they are applied for the administration of chapters 34 and 36. (38 U.S.C. 1641)

§ 21.5232 Change of program.

The provisions of § 21.4234, except paragraphs (c) and (d) of that section are to be applied in the administration of benefits payable under the provisions of chapter 32, title 38, United States Code, in the same manner as

they are applied for the administration of chapters 34 and 36. (38 U.S.C. 1641)

§ 21.5233 Predischarge Education Program (PREP); Chapter 32.

(a) *Enrollment.* Enrollment of a servicemember may be approved in any elementary, secondary, preparatory, refresher, remedial, deficiency, or special educational assistance course not otherwise prohibited, regardless of the individual's previous educational experience. The individual must be on active duty, must be a participant in the chapter 32 program, and must meet the requirements for eligibility stated in § 21.5040. The course or courses (but not including correspondence courses) must be required to receive a secondary school diploma, or the course or courses (including individual unit subjects within a General Education Development (G.E.D.) examination program) must be required for, or preparatory to, the pursuit of an appropriate course or training program in an approved educational institution or training establishment. (38 U.S.C. 1631, 1641, 1696)

(b) *Measurement.* Courses will be measured as provided in § 21.4270 et seq. (38 U.S.C. 1631, 1641, 1696)

(c) *Payment and entitlement charge.* Payment will be on the basis of the cost of the course not to exceed $311 per month for full-time training and no charge will be made against the entitlement of the individual under chapter 32. (38 U.S.C. 1631, 1641, 1696)

(d) *Costs.* A serviceperson pursuing education or training under PREP is entitled to an allowance computed at the rate of the established charges for tuition and fees which the school requires other similarly circumstanced students enrolled in the same or a similar program to pay, and the cost of books and supplies peculiar to the course which the school requires other students in the same or a similar program to have. The Veterans Administration will establish the rates for tuition and fees when the school offers no same program for other students. The cost is to be established by the Veterans Administration on the basis of a report from the State approving agency showing the estimated cost for operation of the program and the anticipated enrollment.

(1) *Acceptable costs.* The reasonable costs for depreciation, rent or lease expenses, textbooks, taxes and insurance, administrative expenses, operation and maintenance expenses, consumable supplies, teaching and related personnel, travel and miscellaneous expenses may be included by the State approving agency, except as provided in paragraph (d)(2) of this section. Acceptable, for example, are the cost of travel expenses for supervisors who are required to travel, and the cost of social security and health insurance for teaching and related personnel.

(2) *Unacceptable costs.* The following costs are not considered to be acceptable for inclusion for approval:

(i) *Unreasonable costs for depreciation.* These include:

(a) Depreciation for equipment purchased from PREP tuition prior to establishing rates by cost determination.

(b) Depreciation which has been determined in a manner inconsistent with the Internal Revenue Service principles for computing depreciation.

(c) Depreciation for the exhaustion, wear, tear and obsolescence of property which exceeds the amount which should be set aside by the school in accordance with a reasonably consistent plan (not necessarily at a uniform rate), so that the aggregate of the amounts set aside, plus the salvage value, does not at the end of the estimated useful life of the depreciable property exceed the cost or other basis of the property.

(d) Depreciation which permits the school to recoup, within the first year, all or most of the costs of establishing the course, including necessary equipment and program costs when no same course is offered. Schools should be able to provide these needed courses to servicepersons by adhering to recognized business procedures relating to depreciation of facilities and equipment.

(ii) *Rent or lease expense.* Costs which exceed the reasonable cost of space used for instruction.

(iii) *Textbooks.* The cost of workbooks unless they are the only books used for the course. (In that event they may be classified as "textbooks.")

(iv) *Taxes and insurance.* Income taxes and personal life insurance costs.

(v) *Administrative expenses.* Administrative expenses at the home campus when the clerical functions are performed at the branch facility; i.e., at the actual location of the PREP, including honorariums, expenses due to a subcontractual arrangement not contemplated in the approval granted by a State approving agency, or by the Veterans Administration Central Office through the Director of the Education and Rehabilitation Service.

(vi) *Operation and maintenance.* Capital outlays for equipment and renovating buildings in the physical plant already determined to be adequate by the State approving agency.

(vii) *Consumable supplies.* Consumable supplies which are not described and supported.

(viii) *Teaching and related personnel.* (a) The cost of the formal training of instructors hired as fully qualified to teach, and effectively charging the students and ultimately the Veterans Administration for such instruction. These are not acceptable costs.

(b) The full salary payment for teachers meeting PREP classes for as few as 15 hours per week. Generally the full-time salary for a teacher may be included only for 25 to 30 hours of classes per week unless it is clearly substantiated by documentation that other schools in the same general area pay full salary for a teaching schedule on the same level for less hours. Salaries in excess of the prevailing rate in the same area for similarly qualified instructors will not be included.

(c) Costs of excess clerical personnel to assist teachers in records-keeping (without strong justification). No more than one clerk's salary will be included for an average of 100 students per day.

(d) Costs of personnel not essential to the teaching functions. Essential persons are those assisting with instructional material, laboratory, supply room, counseling, library, or supervision.

(ix) *Travel.* (a) Travel expense for instructors except those teaching courses for which itinerant instructors are required to commute from the principal campus at which they are regularly employed.

(b) A daily commuting expense paid to bring full-time instructors from their place of residence to their place of employment.

(c) An allowance for travel expense to bring instructors and administrative personnel to more than one in-service training session each semester or term.

(x) *Miscellaneous.* Costs of such items as meals for directors and consultants, bus transportation for field trips to home campuses, and the travel of instructors for meetings conducted at locations out of the State in which the PREP program is offered. (38 U.S.C. 1631, 1641, 1696(c))

(e) *Contingency fund.* A contingency fund for profit and nonprofit schools not to exceed 5 percent of the acceptable costs may be included if the surplus has been offset on the rate established. If the PREP program is terminated or if approval for a PREP course is withdrawn the amount of money remaining in the fund to which the school is not entitled shall be paid to the Veterans Administration. Within 6 months following the date of termination or withdrawal or approval of a PREP program the school shall verify that this has been done by auditing the financial records of the program. A copy of the audit shall be furnished to the Director of the Veterans Administration field station of jurisdiction. The records necessary to support the audit will be kept intact and in good condition at the school for at least 3 years following the day the audit is completed. Longer retention will not be required unless a written

request is received from the General Accounting Office or the Veterans Administration not later than 30 days prior to the end of the 3-year period. (38 U.S.C. 1631, 1641, 1696)

(f) *Referrals.* If the State approving agency and the school are unable to agree on the estimated cost of PREP where there is no-same program, the State will report the full facts to the Veterans Administration regional office. If the regional office is unable to resolve the question, the matter will be referred to the Director, Education and Rehabilitation Service to determine the cost. (38 U.S.C. 1641, 1696)

(g) *Certified cost data.* If the matter is referred to the Veterans Administration to determine the cost, certified cost data will be utilized. (38 U.S.C. 1641, 1696)

(h) *Customary practices.* Analysis will be made to determine whether the customary teaching practices on campus and the customary organizational practices of the institution on campus do reflect reasonable and necessary expenses of conducting the program. (38 U.S.C. 1641, 1696)

(i) *Refund policy.* Rates established on the basis on cost data must be subject to a pro rata refund policy. A shift to other than a pro rata refund policy would be detrimental to the servicesperson and would lead to receipt from the Veterans Administration of an amount less than charged by the school in case of interruption. (38 U.S.C. 1641, 1696)

COURSES

§ 21.5250 Courses.

The provisions of the following sections are to be applied in the administration of benefits payable under chapter 32, title 38, United States Code, in the same manner as they are applied for the administration of chapters 34 and 36.

(a) Section 21.4250 (except paragraph (c) (1) and (6) of this section)—Approval of courses. (38 U.S.C. 1641, 1772)

(b) Section 21.4251—Period of operation of course. (38 U.S.C. 1641, 1789)

(c) Section 21.4252 (except paragraph (f) of this section)—Courses precluded. (38 U.S.C. 1641, 1673)

(d) Section 21.4253—Accredited courses. (38 U.S.C. 1641, 1775)

(e) Section 21.4254—Nonaccredited courses. (38 U.S.C. 1641, 1776)

(f) Section 21.4255—Refund policy; nonaccredited courses. (38 U.S.C. 1641, 1776)

(g) Section 21.4256—Correspondence courses. (38 U.S.C. 1641, 1786)

(h) Section 21.4258 (except paragraph (c) of this section)—Notice of approval. (38 U.S.C. 1641, 1778)

(i) Section 21.4259—Suspension or disapproval. (38 U.S.C. 1641, 1779)

(j) Section 21.4260—Courses in foreign countries. (38 U.S.C. 1641, 1678)

(k) Section 21.4263—Flight training; 38 U.S.C. chapter 34. (38 U.S.C. 1641, 1677)

(l) Section 21.4265 (except paragraph (g) of this section)—Practical training approved as institutional training. (38 U.S.C. 1641, 1772)

(m) Section 21.4268—Courses offered at subsidiary branches or extensions. (38 U.S.C. 1641, 1772, 1788(c))

ASSESSMENT AND PURSUIT OF COURSE

§ 21.5270 Assessment and pursuit of course.

The provisions of the following sections are to be applied in the administration of benefits payable under chapter 32, title 38, United States Code, in the same manner as they are applied for the administration of chapters 34 and 36.

(a) Section 21.4270 (except paragraphs (j), (k) and (l) and in the footnotes: the first sentence of [1] and numbers [4] and [7])—Measurement of courses. (38 U.S.C. 1641, 1788)

(b) Section 21.4271—Trade or technical; high schools. (38 U.S.C. 1641, 1788)

(c) Section 21.4272 (except paragraph (f)(2) of this section)—Collegiate undergraduate; credit-hour basis. (38 U.S.C. 1641, 1788)

(d) Section 21.4273—Collegiate graduate. (38 U.S.C. 1641, 1788)

(e) Section 21.4274—Law courses. (38 U.S.C. 1641, 1788)

(f) Section 21.4275—Practical training courses; measurement. (38 U.S.C. 1641, 1788)

(g) Section 21.4277—Discontinuance; unsatisfactory progress and conduct. (38 U.S.C. 1641, 1674)

(h) Section 21.4278—Reentrance after discontinuance. (38 U.S.C. 1641, 1674)

(i) Section 21.4279—Combination correspondence; resident program. (38 U.S.C. 1641, 1788)

(j) Section 21.4280—Independent study leading to a standard college degree. (38 U.S.C. 1641, 1673)

NONDISCRIMINATION IN VOCATIONAL REHABILITATION AND EDUCATIONAL PROGRAMS—TITLE VI, CIVIL RIGHTS ACT OF 1964

§ 21.5300 Civil Rights.

The provisions of the following sections are to be applied in the administration of benefits payable under chapter 32, title 38, United States Code, in the same manner as they are applied for the administration of chapters 34 and 36:

(a) Section 21.4300—Civil rights assurances; title VI, Pub. L. 88-352.

(b) Section 21.4301—Institutions of higher learning; elementary and secondary schools; medical institutions.

(c) Section 21.4302—Proprietary vocational schools and training establishments.

(d) Section 21.4303—State approving agencies.

(e) Section 21.4304—Assurance of compliance received—institutions of higher learning; elementary and secondary schools; medical facilities.

(f) Section 21.4305—Noncompliance; complaints; initial action.

(g) Section 21.4306—Payments after final agency action.

(h) Section 21.4307—Postermination compliance.

EDUCATION LOANS

§ 21.5500 Education loans.

The provisions of the following sections are to be applied in the administration of the benefits payable under chapter 32, title 38, United States Code, in the same manner as they are applied for the administration of chapters 34 and 36:

(a) Section 21.4500—Definitions. (38 U.S.C. 1631, 1786)

(b) Section 21.4501—Eligibility (the individual must, in lieu of the requirements for eligibility stated in paragraph (a)(5) of this section, be a participant in receipt of educational assistance benefits under chapter 32). (38 U.S.C. 1641, 1796)

(c) Section 21.4502—Applications. (38 U.S.C. 1631, 1796)

(d) Section 21.4503—Determination of loan amount (except that, notwithstanding paragraph (b)(2) of this section, the maximum to be loaned will be obtained by multiplying the number of months of chapter 32 entitlement remaining times the monthly rate determined in accordance with § 21.5131, or $2,500, whichever is the lesser). (38 U.S.C. 1631, 1796)

[FR Doc. 79-359 Filed 1-3-79; 8:45 am]

Section 1 - Administration of the Program - Veterans Administration

Since the first annual report covering calendar year 1977, additional policies and procedures consistent with the provisions of Public Law 94-502, incorporated into Title 38, United States Code, have been developed for administration of the Post-Vietnam Era Veterans' Educational Assistance Program (VEAP). The Veterans Administration has continued efforts to plan for and accommodate those applicants who have requested benefits or who are expected to apply for benefits in the future. This section of the report includes a comment on the status of regulations drafted to guide implementation of the program, a description of the banking system which maintains a record of funds contributed, a summary of the procedures approved for administration of benefits and a discussion of the progress made and difficulties encountered in the program.

1.1 Joint Veterans Administration/Department of Defense Regulations and Interim Procedures

A. Status. Chapter 32 of Title 38, United States Code, Sections 1621(b),(c) and (e) and 1623(b) require that regulations, terms and conditions of the program shall be issued jointly by the Administrator of Veterans Affairs and the Secretary of Defense. In response to these requirements, regulations have been drafted, have received the concurrence of both and have been printed in the Federal Register (44 FR 1181 - 1189), a copy of which is contained in Appendix A.

(2) Each service department transfers these contributions once a month to the VA.

(3) Records of these contributions are maintained in the Chapter 32 Banking System at DPC Austin (see par. 2).

b. Claims for Benefits

(1) Participants will submit applications for benefits to the regional office.

(2) A file number will be assigned through BIRLS (Beneficiary Identification and Records Locator Subsystem) as is currently done for a chapter 34 applicant.

(3) The Adjudication activity will process the application and either deny the claim or authorize an award. Award documents will be mailed to the PPU (Payment Processing Unit) in the Finance activity at the DPC Hines, Illinois.

(4) The PPU will receive the award documents and will obtain R&O's from the Chapter 32 Banking System which show the contributions made by participants. The PPU will establish and maintain payment cards manually on each payee. At the appropriate times, the PPU will transmit pay vouchers to the Department of the Treasury Disbursing Center for the release of benefit payment checks to the payee.

(5) When a benefit payment is made, the PPU will transmit a transaction to DPC Austin for input to the Chapter 32 Banking System to record that a benefit payment has been made. (NOTE: Currently, this transaction establishes a legend that indicates a payment record exists at DPC Hines, but does not adjust the contributions based on the payments.)

c. Requests for Refunds

(1) Participants who are no longer on active duty will apply to the regional office for refund of their contributions. Participants who are still on active duty will apply through their service department.

(2) The regional office Finance activity will process requests from participants not on active duty and will forward the requests to the Finance activity at DPC Hines. The

service departments will process requests from participants on active duty and will forward the requests to the Finance activity at DPC Hines.

(3) The Finance activity at DPC Hines will prepare and transmit refund transactions to DPC Austin for input to the Chapter 32 Banking System.

(4) DPC Austin will mail refund tapes to the Department of the Treasury Disbursing Center for the release of refund checks to the participants.

d. Exhibit A is a chart which highlights the major points in the chapter 32 processing flow. This chart is for general information and is not intended to be a detailed systems flow chart.

Dorothy L. Starbuck

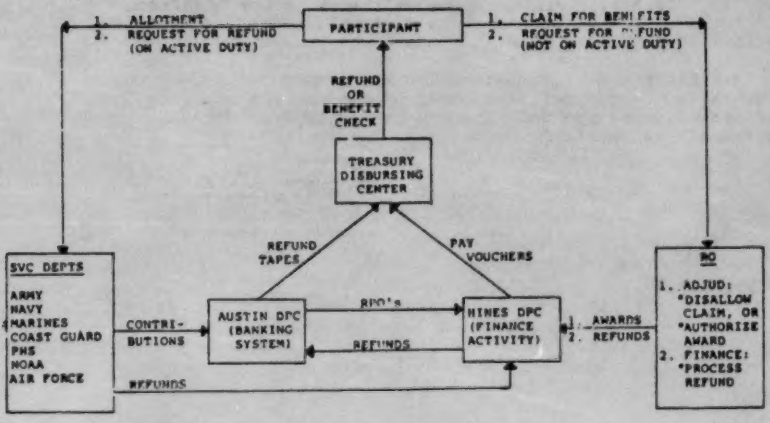
DOROTHY L. STARBUCK
Chief Benefits Director

Distribution: CO: RPC 2900
FD FLD: RPC 2223, plus 10 additional copies for Finance in ROA; VBC and VROC, 1 each; DVBE, 1 each
EX: HNSO and AR, 1 each

DVB Circular 20-77-25
Appendix B
Exhibit A

October 3, 1978

CHAPTER 32 PROCESSING - OVERVIEW



4.

A-14

Department of Veterans Benefits
Veterans Administration
Washington, D. C. 20420

DVB Circular 20-77-25
Appendix C
October 10, 1978

CHAPTER 32
ADJUDICATION PROCEDURES

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Department of Veterans Benefits
Veterans Administration
Washington, D. C. 20420

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CHAPTER 32
ADJUDICATION PROCEDURES

1. Purpose. This appendix provides detailed instructions for processing claims under chapter 32, title 38, U.S.C.

2. General. The current education computer system for payment of beneficiaries under chapters 34 and 35 has not yet been modified to accept chapter 32 awards or other actions. Until the current education system can be modified, all awards, disallowances, refunds and other actions must be processed manually out of the system. The Adjudication activity is responsible for determining eligibility and preparing award and disallowance code sheets. The regional office will forward the award documents to the PPU (Payment Processing Unit) at the DPC (Data Processing Center) in Hines, Illinois. The PPU is responsible for computing amounts payable. The PPU will make refunds, issue payments and create accounts receivable.

3. Applications and Other Forms

a. VA Form 22-8821, Application for Educational Assistance (For Post-Vietnam Era Veterans - Under Chapter 32, Title 38, U.S.C.), is to be used for all chapter 32 programs except PREP (Predischarge Education Program).

(1) VA Form 22-8821 will be used by both veterans and servicepersons to apply for chapter 32 benefits.

(2) VA Form 22-8821 does not include an enrollment certification as part of the form. A separate VA Form 22-1999, Enrollment Certification, is required. Schools should be encouraged to submit the application and the enrollment certification together, as a package enrollment.

NOTE: The computer-generated VA Form 22-1990V, Notice of Eligibility, Application, and Enrollment Certification, is not issued to veterans with an EOD date after December 31, 1976. VA Form 22-1990a, Serviceperson's Application for Educational Benefits, also is not appropriate for chapter 32 claimants.

b. A separate application for PREP (under ch. 32, title 38, U.S.C.) is being prepared.

c. VA Form 4-5281, Notice of Disenrollment and Application for Funds Deposited in Post-Vietnam Era Veterans Educational Assistance Program, should be used by participants wishing to request a refund of the money they have contributed to the program. (See App. A, Revised, of this cir.)

d. VA Form 22-1993a, Certificate of Eligibility, has been revised and now contains two paragraphs for chapter 32 claimants. This form will be used if an application is received without an enrollment certification.

(1) One paragraph is for a post-Vietnam era veteran and shows the dollar amount of entitlement (see par. 11 of this app.) and delimiting date.

(2) The other paragraph is for a post-Vietnam era inservice person and shows the dollar amount of entitlement (see par. 11 of this app.) and date the entitlement was computed.

e. Until necessary revisions are made, all current VA forms will be used as needed and will be clearly annotated "CHAPTER 32." The following list is intended as a sample listing only and is not all-inclusive.

(1) All authorization forms (with the exception of OCR documents) including the following (see par. 18):

VA Form 22-1992, Authorization for Certificate of Eligibility or Disallowance

VA Form 22-1997, Education Award

VA Form 21-8046, Payment Notice (Stop-Suspend-Resume)

VA Form 20-6566, Change of Name and Address Notice

(2) VA Form 22-1995, Request for Change of Program or Place of Training.

(3) VA Form 22-1999, Enrollment Certification.

(4) VA Forms 22-1999b and 22-1999b-1, Notice of Change in Student Status - Institutional Courses Only.

(5) All counseling forms including VA Form 22-1944, Eligibility Entitlement and Counseling Information (use ch. 34 section). See paragraph 14.

(6) Certification forms:

VA Form 22-6553, Verification of Pursuit of Course Leading to a Standard College Degree

VA Form 22-6553a, Quarterly Certification of Attendance for Courses Not Leading to a Standard College Degree and Farm Cooperative Courses

VA Form 22-6553b, Certification of Lessons Completed

VA Form 22-6553c, Monthly Certification of Flight Training

(7) All loan forms including VA Form 22-8725, Application for Education Loan.

f. The following forms are not for use under chapter 32:

(1) All work-study forms including VA Form 20-8691, Veterans Application for Work-Study Allowance.

(2) VA Form 22-1990, Veteran's Application for Educational Benefits.

(3) VA Form 22-1990a, Serviceperson's Application for Educational Benefits.

(4) VA Form 22-1990t, Application and Enrollment Certification for Individualized Tutorial Assistance.

(5) VA Form 21-441, Special Apportionment Decision (since no additional allowance is payable for dependents under chapter 32, no apportionment is authorized).

g. The following list of current form letters will be used as appropriate. It is intended as a sample listing only and is not all-inclusive:

FL 22-89	FL 22-337	FL 22-897
FL 22-153	FL 22-890	FL 22-899
FL 22-310	FL 22-891	FL 22-899a
FL 22-315	FL 22-892	

h. The following form letters are not for use under chapter 32:

FL 22-879
FL 22-893
FL 22-902

4. Routing of Chapter 32 Incoming Mail

a. Incoming mail will be processed under current procedures including routing to the DTU (Data Terminal Unit) or Adjudication activity as appropriate for file number assignment in BIRLS (Beneficiary Identification and Records Locator Subsystem) and establishment of a claims folder.

b. A claimant with a master record in the Chapter 32 Banking System will also have a master index record in BIRLS. A BIRLS message will show one of the following:

(1) CHAP 32 ACT (active; i.e., still contributing);

(2) CHAP 32 SUSP (suspended; i.e., no longer contributing);

(3) CHAP 32 DISROL (disenrolled; i.e., money refunded).

c. Inquiries concerning money amounts or other data in the Banking System, monthly rates, dollar amounts of entitlement or payments will be routed to the Finance activity.

d. A claims folder will not be established, nor will a file number be assigned through BIRLS, for cases involving only a request for refund (VA Form 4-5281). However, VA Form 4-5281 will be routed to the Finance activity with the claims folder if one already exists.

5. Determining Eligibility

a. Veteran. Basic eligibility for educational benefits under chapter 32 for a veteran is based upon the following conditions (see fig. 1):

(1) The veteran entered on active duty for the first time after December 31, 1976. (Persons who contracted under a delayed entry program before 1/1/77, entered on active duty before 1/2/78, and otherwise meet the criteria in DVB Circular 20-76-84, app. P, par. 2b, are not eligible under ch. 32.)

(2) The veteran served on active duty for a continuous period of 181 or more days (exclusive of deductible time per M22-2, pt. II, ch. 2). Travel time is included as creditable service and will be requested if active duty is shown as 176 to 180 days. If the veteran served less than 181 days, he or she must have been released or discharged because of a service-connected disability (see VAR 1315(C)).

(3) The veteran was released or discharged from active duty under conditions other than dishonorable.

(4) The veteran contributed money to the chapter 32 fund while in service and has money available for benefits. A BIRLS message showing "CHAP 32 ACT" or "CHAP 32 SUSP" indicates that contributions are available. A BIRLS message showing "CHAP 32 DISROL" indicates that contributions are not available. A BIRLS message without reference to chapter 32 does not always mean that an individual has no contributions; therefore, no such claim will be denied without contacting Central Office (224B) by telephone (FTS No. 389-2771) for verification.

NOTE: Active duty service as a commissioned officer of the PHS (Public Health Service) or NOAA (National Oceanic and Atmospheric Administration) is qualifying service under chapter 32.

b. Serviceperson - Other Than PREP. Basic eligibility for educational benefits under chapter 32, other than PREP, for a serviceperson is based upon the following conditions (see fig. 2):

(1) The person entered on active duty for the first time after December 31, 1976. (Persons who contracted under a delayed entry program before 1/1/77, entered on active duty before 1/2/78, and otherwise meet the criteria in DVB Circular 20-76-84, app. P, par. 2b, are not eligible under ch. 32.)

(2) The person served on active duty for a continuous period of 181 or more days (exclusive of deductible time per M22-2, pt. II, ch. 2).

(3) The person has completed either:

(a) His or her first obligated period of active duty, or

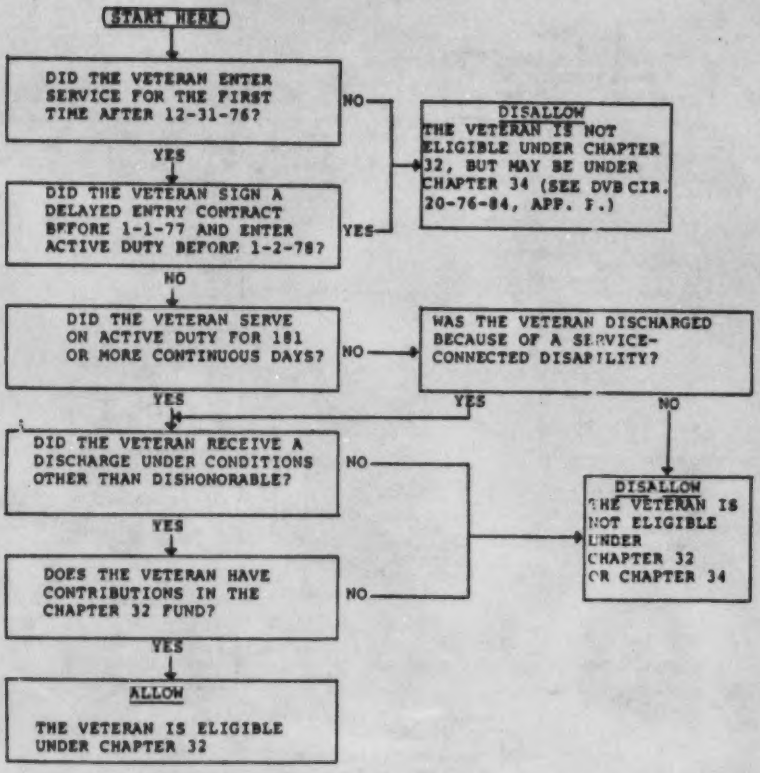
(b) Six years of active duty, whichever period is less.

(4) The person has contributed money to the chapter 32 fund and has at least 3 months of contributions available for benefits.

NOTE: Active service as a commissioned officer in PHS or NOAA is qualifying service under chapter 32.

c. Serviceperson - PREP. Basic eligibility for PREP benefits under chapter 32 for an enlisted member of the Armed Forces is based upon the following conditions (see fig. 2):

DETERMINING ELIGIBILITY FOR A VETERAN
(See par. 5a.)


START HERE
DID THE VETERAN ENTER SERVICE FOR THE FIRST TIME AFTER 12-31-76?
NO
YES
DISALLOW
THE VETERAN IS NOT ELIGIBLE UNDER CHAPTER 32, BUT MAY BE UNDER CHAPTER 34 (SEE DVB CIR. 20-76-84, APP. F.)
DID THE VETERAN SIGN A DELAYED ENTRY CONTRACT BEFORE 1-1-77 AND ENTER ACTIVE DUTY BEFORE 1-2-78?
YES
NO
DID THE VETERAN SERVE ON ACTIVE DUTY FOR 181 OR MORE CONTINUOUS DAYS?
NO
WAS THE VETERAN DISCHARGED BECAUSE OF A SERVICE-CONNECTED DISABILITY?
YES
NO
YES
DID THE VETERAN RECEIVE A DISCHARGE UNDER CONDITIONS OTHER THAN DISHONORABLE?
NO
YES
DISALLOW
THE VETERAN IS NOT ELIGIBLE UNDER CHAPTER 32 OR CHAPTER 34
DOES THE VETERAN HAVE CONTRIBUTIONS IN THE CHAPTER 32 FUND?
NO
YES
ALLOW
THE VETERAN IS ELIGIBLE UNDER CHAPTER 32

A-23

DETERMINING ELIGIBILITY FOR A SERVICEPERSON
(see par. 5b and c.)

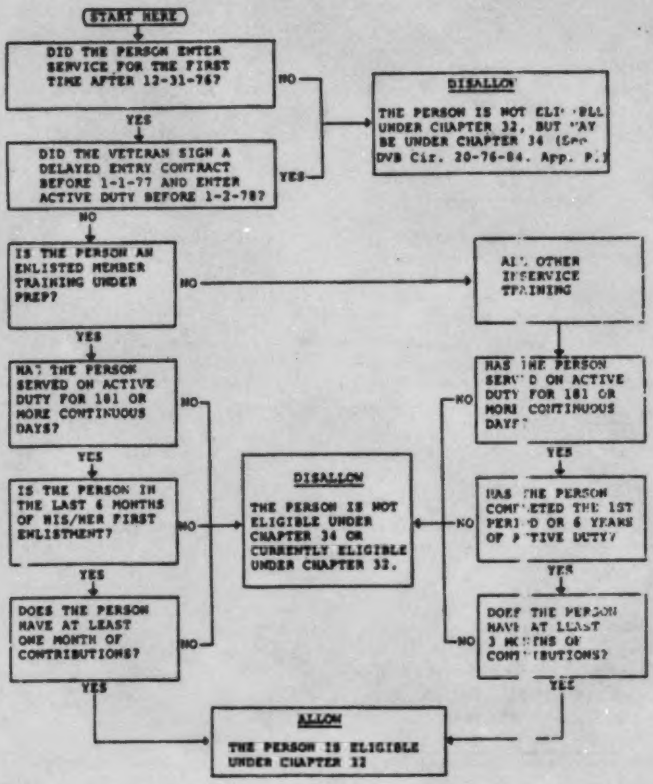

START HERE
DID THE PERSON ENTER SERVICE FOR THE FIRST TIME AFTER 12-31-76?
NO
YES
DISALLOW
THE PERSON IS NOT ELIGIBLE UNDER CHAPTER 32, BUT MAY BE UNDER CHAPTER 34 (See DVB Cir. 20-76-84. App. P.)
DID THE VETERAN SIGN A DELAYED ENTRY CONTRACT BEFORE 1-1-77 AND ENTER ACTIVE DUTY BEFORE 1-2-78?
NO
YES
IS THE PERSON AN ENLISTED MEMBER TRAINING UNDER PREP?
NO
YES
ALL OTHER INSERVICE TRAINING
HAS THE PERSON SERVED ON ACTIVE DUTY FOR 181 OR MORE CONTINUOUS DAYS?
NO
YES
IS THE PERSON IN THE LAST 6 MONTHS OF HIS/HER FIRST ENLISTMENT?
NO
YES
DOES THE PERSON HAVE AT LEAST ONE MONTH OF CONTRIBUTIONS?
NO
YES
DISALLOW
THE PERSON IS NOT ELIGIBLE UNDER CHAPTER 34 OR CURRENTLY ELIGIBLE UNDER CHAPTER 32.
HAS THE PERSON SERVED ON ACTIVE DUTY FOR 181 OR MORE CONTINUOUS DAYS?
NO
YES
HAS THE PERSON COMPLETED THE 1ST PERIOD OR 6 YEARS OF ACTIVE DUTY?
NO
YES
DOES THE PERSON HAVE AT LEAST 3 MONTHS OF CONTRIBUTIONS?
NO
YES
ALLOW
THE PERSON IS ELIGIBLE UNDER CHAPTER 32

Figure 2

(1) The enlisted member entered on active duty for the first time after December 31, 1976. (Persons who contracted under a delayed entry program before 1/1/77, entered on active duty before 1/2/78, and otherwise meet the criteria in DVB Cir. 20-76-84, app. P, par. 2b, are not eligible for PREP.)

(2) The enlisted member served on active duty for a continuous period of 181 or more days (exclusive of deductible time per M22-2, pt. II, ch. 2).

(3) The enlisted member is in the last 6 months of his or her first enlistment.

(4) The enlisted member has contributed money to the chapter 32 fund and has at least 1 month of contributions available.

6. Character of Discharge. An "honorable," "general," or "under honorable conditions" discharge meets the eligibility requirement of paragraph 5a(3), unless there is a bar to benefits under 38 U.S.C. 3103(a).

a. Determination. A character of discharge determination is required to determine whether an "other than honorable" discharge was granted under conditions other than dishonorable. Current procedures governing such determinations are applicable under chapter 32 (see M21-1, pars. 14.01 & 14.02). If a disallowance is required, see paragraph 17 of this appendix.

b. Conditional Discharge. If it is determined that the last discharge or release was under dishonorable conditions for Veterans Administration purposes, but the veteran had received an earlier conditional discharge, consideration will be given to whether the veteran satisfactorily completed an obligated period of service (38 U.S.C. 101(18)).

(1) If it is determined that the veteran satisfactorily completed an obligated period of service, entitlement will be credited to the veteran based on contributions made during that period.

(2) Contributions made after the completion of that period will not earn entitlement and will be refunded in the absence of an appeal (see par. 17).

(3) Training received as a serviceperson after the completion of that period will be paid for, since the individual had eligibility at the time (i.e., before the last discharge or release).

(4) The delimiting date will be 10 years and 1 day from the date of completion of the obligated period of service.

c. Upgraded Discharge. Eligibility may be established based on an upgraded discharge. However, an extension to the delimiting date due to correction of discharge is not allowed under chapter 32.

7. Delimiting Date. Each veteran has 10 years within which to use his or her benefits under chapter 32.

a. The delimiting date is determined by adding 10 years to the day following the date of release or discharge from the veteran's last period of active duty.

b. No extension to the delimiting date because of a physical or mental disability is permitted under chapter 32; nor is a change in delimiting date due to correction of discharge permitted under chapter 32.

c. No final cutoff date for chapter 32 benefits has yet been established.

8. Limitation on Assistance Under Two or More Programs. The 48-month limitation on entitlement under two or more programs (under VAR 14020) does not apply to benefits under chapters 32 and 31, or chapters 32 and 35. For example, a person may receive 45 months of benefits under chapter 35, and 36 months under chapter 32.

NOTE: A veteran cannot be eligible under both chapter 32 and chapter 34.

9. Nonduplication - Chapters 31, 32 and 35. A veteran or eligible person may not be paid chapter 32 benefits concurrently with benefits under chapter 31 or 35. A person eligible under more than one of these chapters must elect which benefit to receive. The person may reelect at any time.

10. Nonduplication - Federal Programs. A person may not receive chapter 32 benefits:

a. For a unit course or courses which are being paid for in whole or in part by the Armed Forces during any period the person is on active duty (or by the Department of Health, Education and Welfare in the case of the Public Health Service), or

b. For a unit course or courses which are being paid in whole or in part by the United States under the Government Employees' Training Act during any period that full salary is being paid as an employee of the United States.

11. Determining Entitlement. Under chapter 32, entitlement is maintained in both months and dollar amounts. Both types of entitlement are based on the contributions the participant has made.

a. Months of entitlement are based on the number of months the participant contributed rather than on the length of service (as is the case under ch. 34). One month of entitlement is credited for each month the participant contributes, up to a maximum entitlement of 36 months.

NOTE: Although contributions can be made for as many as 54 months, entitlement cannot exceed 36 months.

b. The dollar amount of entitlement is based on the total amount of money contributed by the participant and DOD plus the VA matching funds at the rate of $2 for every $1 contributed by the participant. This equals the maximum amount of educational assistance allowance payable.

c. No extension to either months or dollars of entitlement is allowable under chapter 32.

EXAMPLE: A participant contributes $50 per month for 12 months giving a total of $600 in participant contributions. DOD contributes $200.

Months of entitlement	=	12
Dollars of entitlement	=	$600 (part. contributions)
		1,200 (VA matching funds)
		+ 200 (DOD contributions)
		$2,000

NOTE: To obtain the number of months of contributions and the amount of money contributed, requests will be directed through the Finance Officer to the PPU at Hines (FTS No. 387-6650).

12. Computing Monthly Rates and Benefit Payments. The PPU is responsible for computing monthly rates and benefit payments. The Adjudication activity will show "COMPUT" as the monthly rate on all award actions. Exhibit A contains the formulas which are used in these computations. These formulas are shown FOR INFORMATION PURPOSES ONLY.

13. Charging Entitlement. The amount of entitlement used (in both months and dollars) is charged based on exact benefits paid.

a. Months Entitlement Used. The elapsed-time calculation on a quarter-month basis (as in ch. 34) does not accurately reflect entitlement used under chapter 32. The entitlement factor (see exhibit A) reflects the entitlement used. Table II in exhibit A is used to convert the entitlement factor to months and days for information purposes only, primarily when communicating with the participant.

b. Dollar Entitlement Used. The amount of benefits paid is the dollar amount of entitlement used.

14. Counseling. Counseling may not be provided based solely on a request from an applicant under chapter 32. However, counseling is required when:

a. There is a request for a change of program other than the first change, or

b. The program of education was interrupted because of unsatisfactory progress or conduct.

15. Programs of Education. Under chapter 32, programs of education are essentially the same as those programs under chapter 34, with the following exceptions and/or variations.

a. The following programs are not approved for training under chapter 32:

(1) Apprenticeship programs;

(2) Other on-the-job training programs;

(3) Cooperative courses; and

(4) Farm cooperative programs.

b. The following benefits are not authorized under chapter 32:

(1) Work-study allowance;

(2) Tutorial assistance; and

(3) The 6-month refresher training provided under VAR 14230(C)(2) because of technological advances.

c. The following courses are charged full entitlement under chapter 32:

(1) Elementary courses;

(2) High school courses;

(3) Deficiency courses;

(4) Remedial courses; and

(5) Refresher courses at the secondary level necessary to the pursuit of a program of education. (See subpar. b(3) above for refresher courses prohibited.)

d. PREP is pursued under chapter 32 with no charge to entitlement (i.e., no money is deducted from the participant's account).

e. Correspondence and flight training under chapter 32 are reimbursed at a rate of 100 percent of the established charges.

16. Course Approvals. Courses offered for training under chapter 32 are approved in accordance with current provisions as defined in chapter 36, title 38, U.S.C. Courses currently approved for training under chapter 34 are considered approved for training under chapter 32 with the exception of those listed in paragraph 15a.

17. Disallowances

a. If basic eligibility does not exist (e.g., no or insufficient qualifying service, character of discharge is a bar, no ch. 32 contributions), the adjudicator or education clerk

will prepare a VA Form 22-1992, Authorization for Certificate of Eligibility or Disallowance. This form is for record purposes only and is NOT FOR INPUT. The VA Form 22-1992 will be prepared as for chapter 34 with the following exceptions (see fig. 3):

(1) Transaction Code (item 4): The transaction code will be crossed out.

(2) Type of Claim (item 5): Codes 3 and 4 must be amended for chapter 32 denials. For a veteran, under code , delete the "3" and "34" and insert "2" and "32" respectively. For a serviceperson, under code 4, delete the "4" and "34" and insert "6" and "32" respectively.

(3) Letter Indicator (item 6): Check "Dictated" since a letter must be dictated in all cases (see subpar. c below).

(4) Name and Address of Applicant (item 7A): Enter the applicant's name and address. Below the address, enter the legend "FOR RECORD PURPOSES - CHAPTER 32."

(5) Items 14 and 15: Enter the legend "DO NOT INPUT" across these blocks.

(6) Reasons for Disallowance (item 25): When there is qualifying military service, but the applicant does not have contributions in the chapter 32 fund, reason code "97" should be entered with the legend "NO CH. 32 CONTRIBUTIONS." Other reason codes should be used as appropriate.

b. If basic eligibility exists, but the claim must be disallowed for other reasons (e.g., program not approved, claimant already qualified for objective), a VA Form 22-1992 will be prepared for record purposes only (i.e., NOT FOR INPUT) as above. A dictated letter or form letter will be sent to the applicant fully explaining the reason that the claim is not approved. If a program of instruction or training is not approved, two additional copies of the disallowance letter (FL 22-153, FL 22-89 or a dictated letter) will be prepared. One copy will be sent to the liaison representative and the other to the SAA (State approving agency) having jurisdiction.

c. When notifying the applicant, the reason for the disallowance and the applicant's appellate rights must be fully explained. If a denial is made because basic eligibility does not exist and the applicant has contributions in the

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Appendix C

October 10, 1978

DISALLOWANCE

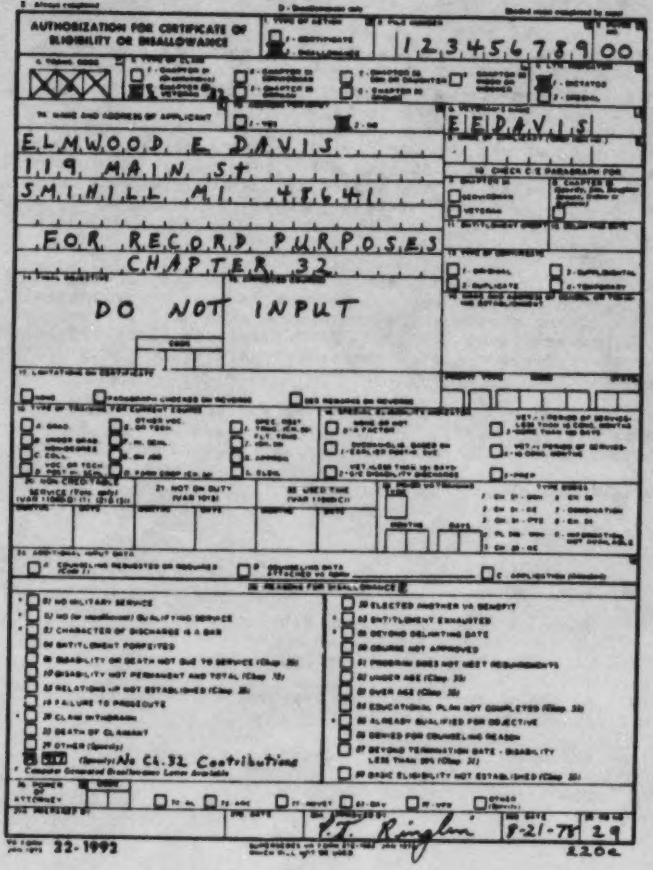


Figure 3

A-31

chapter 32 fund, send the applicant a dictated letter (with VA Form 4-5281) advising of the following:

(1) If the applicant wishes to appeal, the VA will retain the contributions until a final decision on the appeal is reached.

(2) If the applicant does not wish to appeal, he or she may request a refund of the contributions by completing VA Form 4-5281 (see App. A, Revised, of this cir.).

NOTE: A request for refund does not prevent a later appeal or in any other way abridge the applicant's appellate rights. If a valid appeal is initiated after a refund is made, advise the applicant that, if the appeal is granted, full contributions must be restored before any benefits are payable.

18. Awards

a. General. No award actions under chapter 32 will be prepared for computer input. All awards must be processed outside of the system. The award documents will be sent for manual processing to the PPU. To ensure that all award actions are processed out of the system, all award forms will be clearly marked "DO NOT INPUT - CHAPTER 32."

b. Payment Processing Unit. The PPU is a unit in the Finance Division at the DPC (Data Processing Center) in Hines, Illinois, that performs the following manual functions:

(1) Computes monthly rates,

(2) Computes benefit payment amounts,

(3) Issues payment vouchers to Treasury in order to release checks,

(4) Calculates accounts receivable,

(5) Maintains all payment records,

(6) Releases award letters, overpayment notices, delinquent certification letters, etc.

(7) Releases certification cards, and

(8) Processes certification data.

c. Original Certificate of Eligibility Data. An original award requires the preparation of a VA Form 22-1992 to record the C/E (certificate of eligibility) data. The VA Form 22-1992 will be prepared in duplicate in accordance with current procedures (per M22-2, pt. IV, ch. 4, par. 4.18c) with the following exceptions (see fig. 4):

(1) Transaction Code (item 4): The transaction code will be crossed out.

(2) Type of Claim (item 5): Codes 3 and 4 must be amended for chapter 32. For a veteran, under code 3, delete the "3" and "34" and insert "2" and "32" respectively. For a serviceperson, under code 4, delete the "4" and "34" and insert "6" and "32" respectively.

(3) Name and Address of Applicant (item 7A): Enter the applicant's name and address. Below the address, enter the legend, "DO NOT INPUT - CHAPTER 32."

(4) Item 10A: Delete "34" and insert "32."

(5) Entitlement Credit (item 11): Enter the number of months and dollar amount of entitlement including participant, VA and DOD contributions (i.e., 14/$2,100). Leave blank if unknown, unless a VA Form 22-1993a will be released to the veteran, in which case the dollar amount of entitlement (e.g., $2,100) alone is required.

(6) Type of Certificate (item 13): Check code 1 - original. Code 4, temporary, will not be used under chapter 32.

(7) Name and Address of School or Training Establishment (item 16): Show the full name and address including ZIP code.

(8) Type of Training for Current Course (item 18): The following types of training will not be used under chapter 32:

(a) G - On Job

(b) H - Farm Coop (Ch. 34)

(c) I - Spec. Rest. Trng. (Ch. 35)

(d) K - Appren.

(9) Special Eligibility Indicator (item 19): The following special eligibility indicators cannot be used under chapter 32:

CERTIFICATE OF ELIGIBILITY

AUTHORIZATION FOR CERTIFICATE OF ELIGIBILITY OR DISALLOWANCE

1 2 3 4 5 6 7 8 9 00

LARRY B GRAVEL
100 N MAIN ST
BARLEY NY 10019

DO NOT INPUT
CHAPTER 32

PHD

AA
BA
MA

DELFI INSTITUTE
1 DELFI RD.
BARLEY, NY 10020

14/2100 4-2-78

3 1 2 8 6 2 3 2

LB GRAVE

J. Lastman 9-1-78 06

22-1992

Figure 4

A-34

(a) 1 - SVCHAN - Eliq. based on earlier post-K. svc.

(b) 3 - Vet. - 1 period of service - less than 18 cons. months - more than 180 days.

(c) 4 - Vet. - 1 period of service - 18 cons. months.

(10) Used Time (item 22): This item is not applicable under chapter 32.

(11) Prior VA Training (item 23): This item is not applicable under chapter 32.

d. Original Award. All original awards under chapter 32 will be completed on VA Form 22-1997, Education Award. The VA Form 22-1997 will be prepared in duplicate in accordance with current procedures (per M22-2, pt. IV, ch. 4, par. 4.19b) with the following exceptions (see fig. 5):

(1) Transaction Code and Type (item 1): These blocks will be crossed out.

(2) Name and Address of Payee (item 11A): Below the address, enter the legend, "DO NOT INPUT."

(3) Award Data - Dependency (items 13(B) and(C)): Leave blank in all instances since no additional allowance is payable for dependents under chapter 32 and no apportionment is possible.

(4) Award Data - Monthly Rate or Rate Per Lesson (item 13(D)): Enter the following:

(a) "COMPUT" - for IHL and NCD courses. The monthly rate will be computed by the PPU at DPC Hines in accordance with exhibit A.

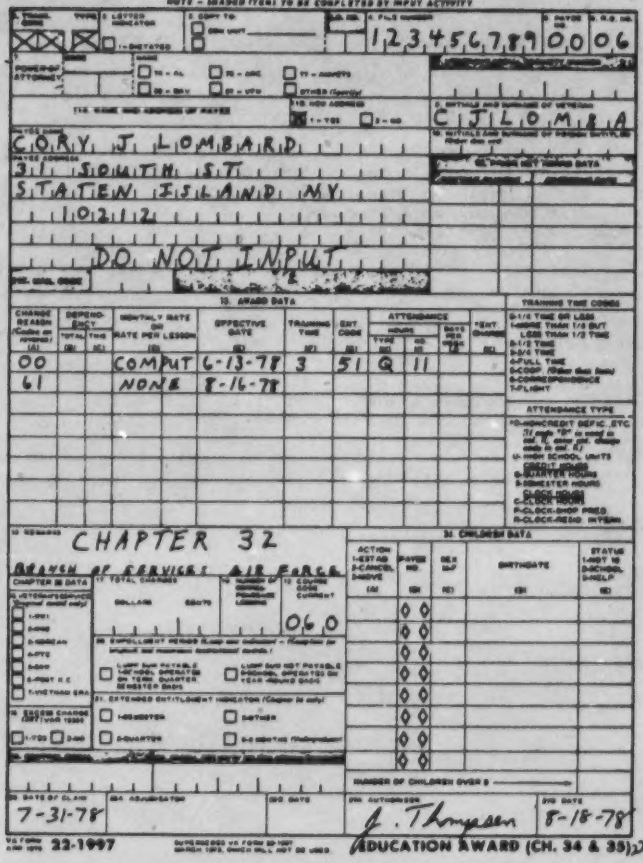
NOTE: "ONE SUM" will not be used except for PREP awards.

(b) The rate per lesson - for correspondence courses.

(c) "NONE" - for flight cases.

(5) Award Data - Effective Date (item 13(E)): Show the complete award period, even though entitlement may be exhausted during that period. The PPU will determine the date entitlement is exhausted and will show it as the ending date on the award letter.

ORIGINAL IHL AWARD


NOTE - SHADED ITEMS TO BE COMPLETED BY INPUT ACTIVITY

1,2,3,4,5,6,7,8,9 | 0,0 | 0,6

C,I,L,O,M,B,A

C,O,R,Y, J, L,O,M,B,A,R,D

3,1, S,O,M,I,T,H, S,T

S,T,A,T,E,N, I,S,L,A,N,D, N,Y

1,0,2,1,1,2

DO NOT INPUT

CHANGE REASON	DEPEND-ENCY TOTAL	DEPEND-ENCY TYPE	MONTHLY RATE OR RATE PER LESSON	EFFECTIVE DATE	TRAINING TIME	EXIT CODE	ATTENDANCE HOURS TYPE	ATTENDANCE HOURS NO.	*EXIT CHARGE
00			COMPUT	6-13-78	3	51	Q	11	
61			NONE	8-16-78					

CHAPTER 32

BRANCH OF SERVICE: AIR FORCE

CHAPTER 30 DATA	17. TOTAL CHARGES DOLLARS	CENTS	18. NUMBER OF MONTHS/CREDIT HOURS/CLOCK HOURS	19. COURSE CODE/CURRICULUM
				060

24. CHILDREN DATA ACTION	PAYEE NO.	SEX	BIRTHDATE	STATUS
	00			
	00			
	00			
	00			
	00			
	00			
	00			

NUMBER OF CHILDREN OVER 8 ———

20. DATE OF CLAIM	20A. ADJUDICATION	20C. DATE	20D. AUTHORIZER	20E. DATE
7-31-78			J. Thompson	8-18-78

VA Form 22-1997 — EDUCATION AWARD (CH. 34 & 35)

Figure 5

(6) Award Data - Training Time (item 13(F)): Enter the appropriate training time code. Note that under chapter 32 all training taken at less than half time (i.e., codes "0" and "1") will be paid at the quarter-time rate. Chapter 32 does not provide for payment of tuition and fees for less than half-time training.

(7) Award Data - Entitlement Code (item 13(G)): Use entitlement code 51 for a veteran and 55 for a serviceperson.

(8) Award Data - Entitlement Charge (item 13(K)): This item will not be used since full entitlement will be charged for deficiency-type hours (see par. 15c).

(9) Remarks (item 14): Show branch of service and enter the legend "CHAPTER 32."

(10) The following items need not be completed for a case under chapter 32:

(a) Initials and Surname of Person Entitled (item 10).

(b) Chapter 35 Data (items 15 and 16).

(c) Enrollment Period (item 20): No lump sum is payable under chapter 32 except for PREP.

(d) Extended Entitlement Indicator (item 21): Entitlement under chapter 32 cannot be extended.

(e) Children Data (item 24): No additional allowance for dependents is payable under chapter 32.

(f) All shaded areas.

e. Supplemental Certificate of Eligibility Data. A change in C/E data requires the preparation of a VA Form 22-1992. A change in C/E data includes a change of program or place of training. The VA Form 22-1992 will be prepared in duplicate in accordance with current procedures (per M22-2, pt. IV, ch. 4, par. 4.18c) with the exceptions listed in subparagraph c above.

f. Reentrance Award. Reentrance awards will be prepared on a VA Form 22-1997 in duplicate in accordance with current procedures (per M22-2, pt. IV, ch. 4, par. 4.19b) with the exceptions listed in subparagraph d above (see figs. 6 and 7).

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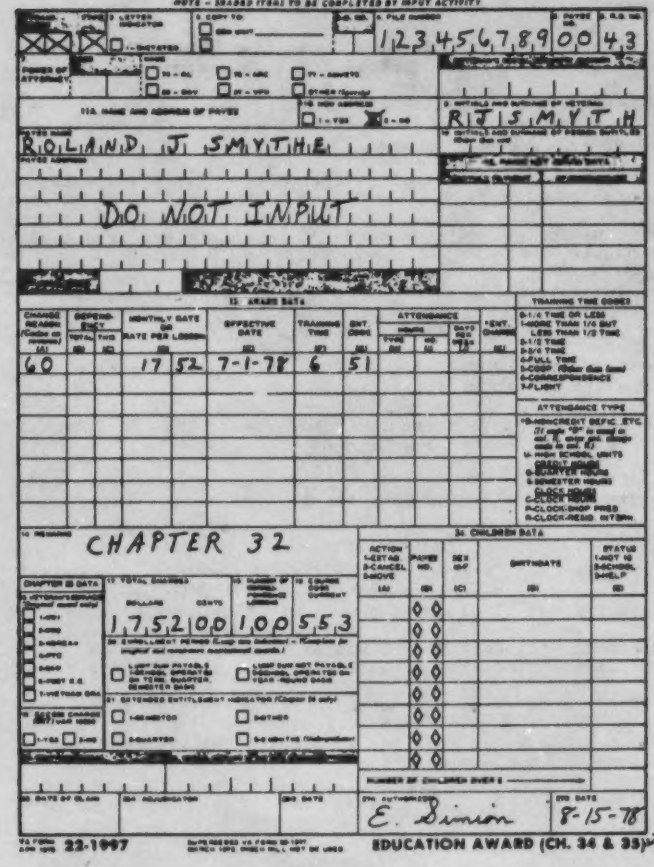
Appendix C

REENTRANCE CORRESPONDENCE AWARD


NOTE - SHADED ITEMS TO BE COMPLETED BY INPUT ACTIVITY

1. TYPE: X
2. LETTER INDICATOR: D - DICTATED
3. COPY TO:
4. FILE NUMBER: 123,45,67,89
5. DATED: 00
6. R.O. NO.: 43
7. POWER OF ATTORNEY:
8. CODE: 10 - GI, 20 - WID, 30 - DEPV, 40 - VFW, 50 - VETS, 60 - OTHER (Specify)
9. INITIALS AND SURNAME OF VETERAN: R J S M Y T H
10A. NAME AND ADDRESS OF PAYEE
10B. NAME ADDED: 1 - YES, X - NO
PAYEE NAME: R O L A N D J S M Y T H E
PAYEE ADDRESS: DO NOT INPUT
10C. INITIALS AND SURNAME OF PERSON ENTITLED (Other than vet)
10D. PAYEE NOT ENTITLED DATE
11. AWARD DATA

CHANGE REASON (Enter on request)	DEPENDENCY TOTAL	DEPENDENCY NO.	MONTHLY RATE OR RATE PER LESSON	EFFECTIVE DATE	TRAINING TIME	ENT. CODE	ATTENDANCE TYPE	ATTENDANCE NO.	DAYS PER WEEK	ENT. CHANGE
60			17 52	7-1-78	6	51				

TRAINING TIME CODES: 0-1/4 TIME OR LESS; 1-MORE THAN 1/4 BUT LESS THAN 1/2 TIME; 2-1/2 TIME; 3-3/4 TIME; 4-FULL TIME; 5-COOP (Other than farm); 6-CORRESPONDENCE; 7-FLIGHT

ATTENDANCE TYPE: *0-INSUFFICIENT DEFIC. ETC. (If code "0" is used on add or change, leave an edit 67); 1-HIGH SCHOOL UNITS; CREDIT HOURS; 2-QUARTER HOURS; 3-SEMESTER HOURS; CLOCK HOURS; 4-CLOCK HOURS; A-CLOCK-SHOP HRS; B-CLOCK-RESID. INTERN

12. REMARKS: CHAPTER 32

CHAPTER 35 DATA
17. TOTAL CHARGES: DOLLARS 1,752 CENTS 00
18. NUMBER OF MONTHS OR CREDIT HOURS LESSONS: 100
19. CHARGE DOES CURRENT: 553
20. ENROLLMENT PERIOD (Leave this statement - Complete for original and reentrance assessment awards)
21. EXTENDED ENTITLEMENT INDICATOR (Chapter 34 only)
22. BASIS CHANGED (MO/YEAR HERE)
23. DATE OF CLAIM
24. ADJUDICATION
25. END DATE

34. CHILDREN DATA

ACTION 1-ESTAB 2-CANCEL 3-ADVE	POWER NO.	SEX 1-M 2-F	BIRTHDATE	STATUS 1-NOT IN SCHOOL 2-HELP
	◊ ◊			
	◊ ◊			
	◊ ◊			
	◊ ◊			
	◊ ◊			
	◊ ◊			

NUMBER OF CHILDREN ENTERED:

37A. AUTHORIZATION: E. Dimion
37B. DVB DATE: 8-15-78

FORM 22-1997 (SUPERSEDES VA FORM 20-1997 WHICH MAY BE USED) EDUCATION AWARD (CH. 34 & 35)

Figure 6

REENTRANCE FLIGHT AWARD WITH CERTIFICATION

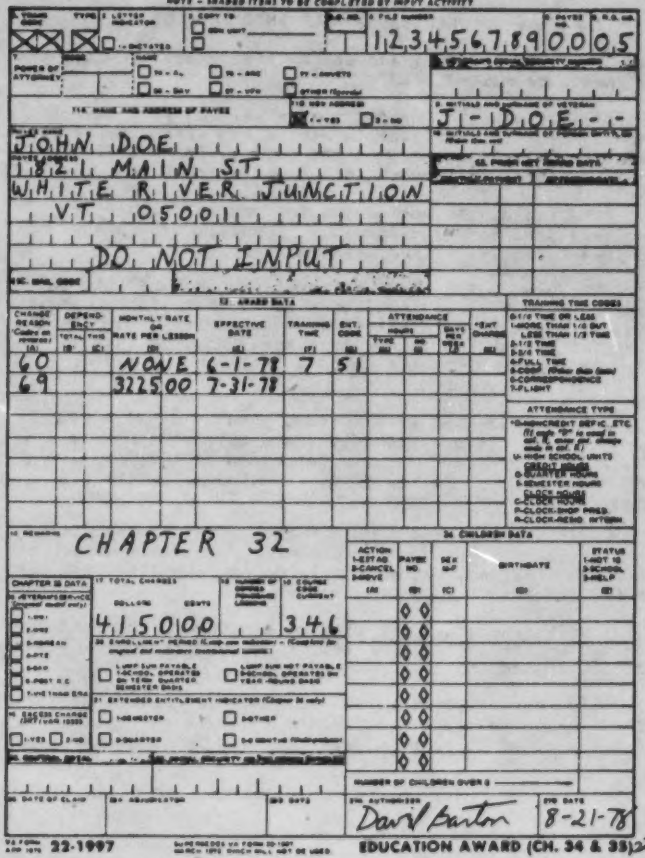

1 2 3 4 5 6 7 8 9
J - D O E - -
J O H N D O E
1 8 2 1 M A I N S T
W H I T E R I V E R J U N C T I O N
V T 0 5 0 0 1
DO NOT INPUT
60 NONE 6-1-78 7 51
69 3225.00 7-31-78
CHAPTER 32
4 1 5 0 0 0 3 4 6
David Barton 8-21-78
22-1997
EDUCATION AWARD (CH. 34 & 35)

Figure 7

g. Advance Payment. Current procedures for processing advance payments (whether original or reentrance awards) apply. A VA Form 3230, Reference Slip, containing the following information must be attached (stapled) to the VA Form 22-1997:

(1) The legend "CHAPTER 32 - ADVANCE PAYMENT."

(2) The name and full address of the school to which the check should be mailed.

h. Amended Award. Amended awards will be prepared on VA Form 22-1997 in duplicate in accordance with current procedures (per M22-2, pt. IV, ch. 4, par. 4.19b) with the exceptions listed in subparagraph d above (see fig. 8).

i. PREP Award. Authorization for payment of a PREP course (see par. 5c for eligibility) requires the preparation of VA Form 22-1992 and VA Form 22-1997.

(1) VA Form 22-1992 will be completed in duplicate in accordance with current procedures and subparagraph c above. Be sure to check Special Eligibility Indicator (item 19) as "5 - PREP." Flash the folder to ensure that, on future awards other than PREP, the code "5" will be changed to code "0" or "2" as appropriate.

(2) VA Form 22-1997 will be completed in duplicate in accordance with current procedures and subparagraph d above. Awards will be prepared for one term at a time. Award Data - Monthly Rate (item 13(D)) will show "ONE SUM," and Total Charges (item 17) will show the charges for the course.

j. Expedited Payments. No special payment procedures (either local or regular) are currently applicable under chapter 32. Instead, payments will be expedited through the following procedures.

(1) The Adjudication activity will request expedited payment based on the criteria in effect for special payments (see M22-2, pt. IV, ch. 9).

(2) A VA Form 3230 with the legend "CHAPTER 32 - EXPEDITED PAYMENT" should be used to refer the award to the Finance activity in order to keep it separate from other cases.

AMENDED IHL AWARD

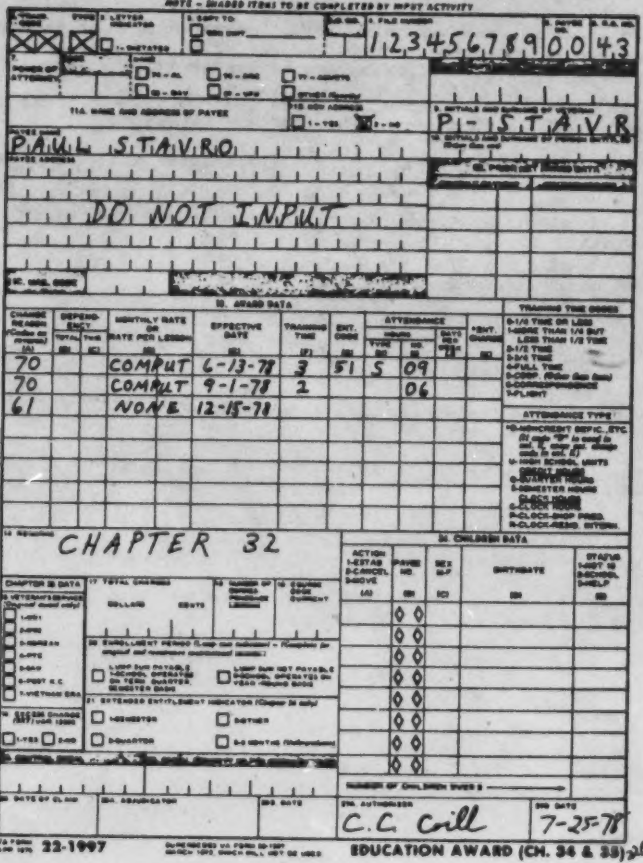


Figure 8

(3) The Finance Officer will "telefax" a copy of the award to the PPU for immediate processing. The original will then be mailed routinely in accordance with subparagraph n.

k. Stop-Suspend-Resume Payment. VA Form 21-8046, Payment Notice (Stop-Suspend-Resume), will be prepared in duplicate in accordance with current procedures (per M22-2, pt. IV, ch. 4, par. 4.20b) with the following exceptions (see figs. 9 and 10):

(1) Type of Award (item 1): "CHAP. 34" will be altered to reflect CHAP. 32 by deleting the "34" and inserting "32."

(2) Action Codes (item 4): The transaction and file code will be crossed out.

(3) New Address (item 10): Enter the legend "DO NOT INPUT - CHAPTER 32."

l. Change of Name and Address. VA Form 20-6566, Change of Name and Address Notice, will be prepared in accordance with current procedures with the following exceptions:

(1) Change Type - Trans. Code (item 5): The transaction code will be crossed out.

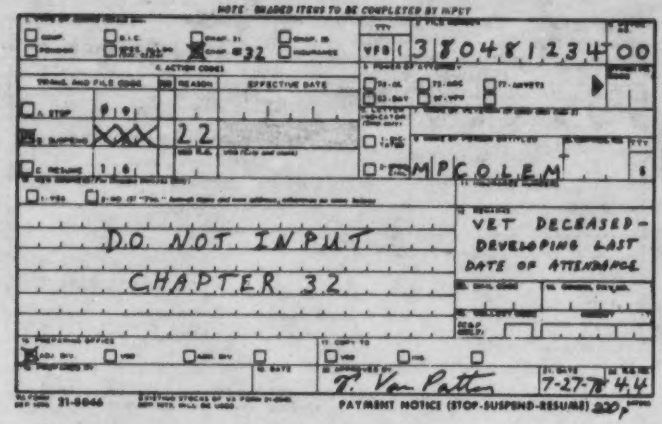
(2) Remarks (item 13): Enter the legend "DO NOT INPUT - CHAPTER 32."

m. End Products. An end product 220 will be taken for each issue under chapter 32 just as for an issue under chapter 34.

n. Disposition of Awards. All authorization actions will be prepared in original and one copy. The copy will be filed for record in the folder. The original will be forwarded to the PPU at Hines with VA Form 3230, Reference Slip, used as a transmittal cover sheet. A supply may be overprinted locally as shown in figure 11.

(1) Transmittal number "001" will be assigned to the first transmittal submitted; subsequent transmittals will carry the next sequential number. At the end of the calendar year, the last transmittal will be clearly marked "FINAL FOR YR_____." The transmittal number will revert to 001 with the first transmittal to be submitted the next calendar year. Local procedures will be developed to control the three-digit sequential transmittal number assignment.

SUSPEND-PAYMENT NOTICE


NOTE: SHADED ITEMS TO BE COMPLETED BY INPUT

VFD 3 804 8123 4 00

ACTION CODES

TRANS. AND FILE CODE: STOP 0 1 0 | SUSPEND XXX | RESUME 1 1 0

REASON: 2 2

EFFECTIVE DATE

M P COLEM

D.O. NOT INPUT.
CHAPTER 32.

VET DECEASED - DEVELOPING LAST DATE OF ATTENDANCE

T. Van Patten 7-27-78 4.4

21-8046 PAYMENT NOTICE (STOP-SUSPEND-RESUME) 930p

Figure 9

October 10, 1978

DVB Circular 20-77-25
Appendix C

STOP-PAYMENT NOTICE

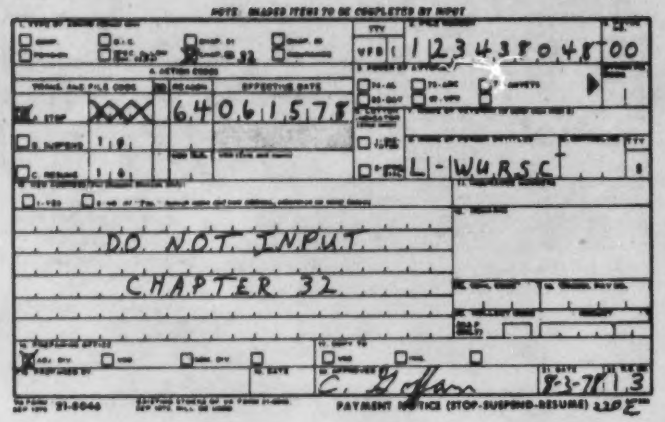

NOTE: SHADED ITEMS TO BE COMPLETED BY INPUT
1 2 3 4 3 8 0 4 8 00
STOP
6 4 0 6 1 5 7 8
L - W U R S C
DO NOT INPUT
CHAPTER 32
E. Dolan
8-3-78 13
PAYMENT NOTICE (STOP-SUSPEND-RESUME)

Figure 10

A-44

(2) The VA Form 3230 will be completed in duplicate. Show the three-digit transmittal number assigned and include the count of each type document being sent.

(3) The original VA Form 3230 will be placed on top of the documents and packaged in a suitable mailing envelope or carton. When the transmittal contains more than one type of document, the documents should be grouped together by file number. Do not enclose any other type of document.

(4) The package label will be clearly marked "CH 32 DOCUMENTS - PPU/DPC HINES" and will carry the address of the PPU which is:

Veterans Administration (201/35B/PPU)
Data Processing Center
Lock Box 66303
AMF O'Hare, Illinois 60666

(5) If the package weighs 13 ounces or less, send it via first class mail. If it exceeds 13 ounces, the label MUST be marked and sent "PRIORITY MAIL." Failure to indicate priority mail will result in the Postal Service treating the package as third or fourth class mail.

(6) An adding machine tape listing by file number will be made of each type of form to be transmitted. The duplicate VA Form 3230 and file number listings will be retained in a holding file identified "CH 32 DOCUMENTS - PPU, DPC HINES."

October 10, 1978

DVB Circular 20-77-25
Appendix C

TRANSMITTAL COVER SHEET

VETERANS ADMINISTRATION
REFERENCE SLIP

TO (Name or title—Mail routing symbol)	INITIALS—DATE
1 Director (201/35B/PPU)	
2 VA Data Processing Center	
3 Lock Box 66303	
4 AMF O'Hare, IL 60666	
5	

REASON FOR REFERENCE

☐ AS REQUESTED	☐ FOR YOUR FILES	☐ NOTE AND RETURN
☐ COMMENTS	☐ INFORMATION	☐ PER CONVERSATION
☐ CONCURRENCE	☐ NECESSARY ACTION	☐ SIGNATURE

REMARKS

SUBJ: Transmittal of Ch. 32 Benefit Payment Documents For Manual Processing

TRANSMITTAL NO.: _____

_____ 1. VA Forms 22-1997

_____ 2. VA Forms 22-1992

_____ 3. VA Forms 21-8046

_____ 4. VA Forms 20-6566

_____ 5. Certifications (VAF 22-1999V or 22-6553 series)

_____ 6. Other (specify):

FROM	DATE
Sending station name, address and ZIP Code (FTS telephone contact)→	MM-DD-YY FTS AUTOVON X-XXX-XXXX

VA FORM AUG 1974 3230 EXISTING STOCKS OF VA FORM 3230, OCT 1968, WILL BE USED. GPO : 1979—257-033

Figure 11

19. Change of Status

a. Change From Inservice to Veteran Status. Upon receipt of a notice that a serviceperson has been discharged from active duty, a determination must be made as to eligibility in accordance with paragraph 5a.

(1) If eligibility does not exist (e.g., character of discharge is a bar), any educational benefits authorized for periods after the serviceperson was released from active duty will be terminated effective the day after the RAD date. A dictated letter must be sent in order to:

(a) Explain the reason for denial;

(b) Inform the veteran of his or her appellate rights; and

(c) Advise the veteran of the disposition of his or her contributions in the chapter 32 fund (see par. 17c).

(2) If eligibility exists, VA Form 3230 will be prepared in duplicate to reflect veteran status. The original will be forwarded to the PPU at Hines and the copy filed for record in the folder. The VA Form 3230 will include a notice of change to veteran status with the following information:

(a) RAD;

(b) Type of claim "2";

(c) Entitlement code "51";

(d) Delimiting date.

b. Change From Veteran to Inservice Status

(1) Upon receipt of a notice that a veteran has returned to active duty, VA Form 3230 will be prepared in duplicate to reflect inservice status. The original will be forwarded to the PPU at Hines and the copy filed for record in the folder. The VA Form 3230 will include a notice of change to inservice status with the following information:

(a) Latest EOD and CEOD;

(b) RAD as "On Duty";

(c) Type of claim "6";

(d) Entitlement code "55";

(e) Delimiting date as "On Duty."

(2) If the veteran remains in school after returning to active duty, a VA Form 22-8821 must be completed by the claimant with the certification by the commanding officer and the education services officer.

NOTE: No adjustment in benefits is necessary because of the change to inservice status.

20. Education Loans. Students training under chapter 32 may receive VA education loans in accordance with current procedures (see M22-2, pt. IV, ch. 12; DVB Circular 20-77-97, app. C; and DVB Circular 20-78-28) with the following exceptions:

a. The aggregate of the amounts borrowed may not exceed the student's remaining entitlement (i.e., participant, VA and DOD contributions), with a maximum not to exceed $2,500 in any one regular academic year.

b. The provision that allows payment of an education loan up to 2 years following a veteran's delimiting date (38 U.S.C. 1662(a)(2)) does not apply under chapter 32.

c. The provision that allows accelerated payment to partially cancel an education loan (38 U.S.C. 1682A) does not apply under chapter 32.

21. Payment Inquiries. All payment inquiries will be handled under current procedures. If necessary to answer an inquiry, regional office personnel may direct pertinent questions through their Finance Officer to the PPU (FTS number 317-6650).

22. RESCISSION: Paragraph 4 of Appendix A, Revised, dated February 28, 1978, and changes 2 and 3 to DVB Circular 20-77-25.

Dorothy L. Starbuck

DOROTHY L. STARBUCK
Chief Benefits Director

Distribution: CO: RPC 2900
FD FLD: RPC 2223, plus 10 additional copies for Finance in ROA; VBC and VRC, 1 each; DVBE, 1 each
EX: HNSO and AR, 1 each

DVB Circular 20-77-25
Appendix C
Exhibit A

October 10, 1978

COMPUTING MONTHLY RATES AND BENEFIT PAYMENTS

1. General

a. Although the PPU is responsible for computing monthly rates and benefit payments on individual cases, the following formulas are being shown for general information purposes. The Adjudication activity will show "COMPUT" as the monthly rate on all IHL and NCD award actions. Publishing the formulas should be useful in demonstrating the difference in payments between the chapter 32 and chapter 34 programs. They are shown FOR INFORMATION PURPOSES ONLY.

b. This difference exists because of the complexity of the chapter 32 program and the need to take the following requirements into consideration:

(1) Each payment must be separated into three parts (VA, participant and DOD). The ratio between the VA and participant portions must be maintained at 2-to-1.

(2) Those cases in which a serviceperson who is contributing to the fund while receiving benefits changes the amount of his or her contributions, must be provided for because the amounts are subject to change from month to month.

2. Payment Formulas

a. Full-Time Monthly Rate. To compute the full-time monthly rate, the following steps are taken:

(1) Divide the participant's remaining contributions by the remaining months of entitlement. The quotient is the participant portion.

(2) Multiply the participant portion by two. The result is the VA portion.

(3) Divide the remaining DOD contributions by the remaining months of entitlement. The quotient is the DOD portion.

(4) Add the participant, VA and DOD portions to obtain the full-time monthly rate.

48-036 O - 79 - 6

b. Benefit Payment - IHL and NCD. To compute a benefit payment for a given period for IHL and NCD training, the following steps are taken:

(1) Determine the entitlement factor by use of Table I.

(2) Multiply the participant's remaining contributions by the entitlement factor, and divide the result by the remaining months of entitlement. The quotient is the participant portion.

(3) Multiply the participant portion by two. The result is the VA portion.

(4) Multiply the remaining DOD contributions by the entitlement factor, and divide the result by the remaining months of entitlement. The quotient is the DOD portion.

(5) Add the participant, VA and DOD portions.

(6) The amount of the benefit payment is the lesser of

(a) The sum obtained in subparagraph (5), or

(b) The dollar amount of entitlement remaining.

c. Benefit Payment - Correspondence and Flight. To compute a benefit payment for flight and correspondence training, the following steps are taken:

(1) Determine the entitlement factor as follows:

(a) Compute the full-time monthly rate in accordance with the steps in paragraph 2a.

(b) Divide the amount certified (correspondence or flight charges) by the full-time monthly rate. The quotient (carried out five places and rounded) is the entitlement factor.

(2) Multiply the participant's remaining contributions by the entitlement factor, and divide the result by the remaining months of entitlement. Round upward to the next higher cent. The quotient is the participant portion.

(3) Multiply the participant portion by two. The result is the VA portion.

(4) Multiply the remaining DOD contributions by the entitlement factor, and divide the result by the remaining months of entitlement. Round upward to the next higher cent. The quotient is the DOD portion.

(5) Add the participant, VA and DOD portions.

(6) The amount of the benefit payment is the lesser of

(a) The sum obtained in subparagraph (5), or

(b) The dollar amount of entitlement remaining.

NOTE: The amount paid for correspondence and flight training may exceed the charges certified by a few cents. This is to allow an exact VA-to-participant portion ratio of 2-to-1.

October 10, 1978

DVB Circular 20-77-25
Appendix C
Exhibit A

TABLE I
ENTITLEMENT FACTORS FOR IHL AND NCD TRAINING

USE OF TABLE: Determine the factors for each month of the period for which payment is being computed, and then combine them to obtain the entitlement factor for the entire benefit payment period involved. For each month, determine the number of days in the appropriate "benefit period" column, and read across that line to locate the entitlement factor in the appropriate "training time" column. Use the bottom line for a complete month.

EXAMPLE: If the benefit payment covers the period June 19 through August 4 at 1/2 time:
The factor for June (from the 19th) is .2
The factor for July (complete month) is .5
The factor for August (to the 4th) is .06667
The entitlement factor for the entire payment is .76667 (i e...2 plus .5 plus .06667.)

BENEFIT PERIOD BEGINNING DATE	ENTITLEMENT FACTOR (TRAINING TIME) FULL TIME (4)	3/4 TIME (3)	1/2 TIME (2)	1/4 TIME (0,1)	BENEFIT PERIOD ENDING DATE
30	.03333	.025	.01667	.00833	1
29	.06667	.050	.03333	.01667	2
28	.10000	.075	.05000	.02500	3
27	.13333	.100	.06667	.03333	4
26	.16667	.125	.08333	.04167	5
25	.20000	.150	.10000	.05000	6
24	.23333	.175	.11667	.05833	7
23	.26667	.200	.13333	.06667	8
22	.30000	.225	.15000	.07500	9
21	.33333	.250	.16667	.08333	10
20	.36667	.275	.18333	.09167	11
19	.40000	.300	.20000	.10000	12
18	.43333	.325	.21667	.10833	13
17	.46667	.350	.23333	.11667	14
16	.50000	.375	.25000	.12500	15
15	.53333	.400	.26667	.13333	16
14	.56667	.425	.28333	.14167	17
13	.60000	.450	.30000	.15000	18
12	.63333	.475	.31667	.15833	19
11	.66667	.500	.33333	.16667	20
10	.70000	.525	.35000	.17500	21
9	.73333	.550	.36667	.18333	22
8	.76667	.575	.38333	.19167	23
7	.80000	.600	.40000	.20000	24
6	.83333	.625	.41667	.20833	25
5	.86667	.650	.43333	.21667	26
4	.90000	.675	.45000	.22500	27
3	.93333	.700	.46667	.23333	28
2	.96667	.725	.48333	.24167	29
1	1.00000	.750	.50000	.25000	30

DVB Circular 20-77-25
Appendix C
Exhibit A

October 10, 1978

TABLE II
ENTITLEMENT FACTOR CONVERSION TABLE (ALL TYPES TRAINING)

USE OF TABLE:

1. To convert the entitlement factor (see par. 11 of this app.) to days used, locate the factor in the "Entitlement Factor" column, and the corresponding days in the "Days Used" column.

2. To determine the number of full days' entitlement remaining, subtract the total entitlement used from the original entitlement. Locate this figure in the "Remaining Entitlement" column, and the corresponding days in the "Days Remaining" column.

EXAMPLE:

1. Entitlement Factor of .76667 converts to 23 days used.

2. If the original entitlement is 24 months, the remaining entitlement is 23.23333 months (i.e., 24 less .76667) which converts to 23 months, 7 days entitlement remaining.

ENTITLEMENT FACTOR	DAYS USED[1]	REMAINING ENTITLEMENT (original ent. less entitlement factor)	DAYS REMAINING[2]
.00001 - .03333	1	.00000 - .03332	0
.03334 - .06667	2	.03333 - .06666	1
.06668 - .10000	3	.06667 - .09999	2
.10001 - .13333	4	.10000 - .13332	3
.13334 - .16667	5	.13333 - .16666	4
.16668 - .20000	6	.16667 - .19999	5
.20001 - .23333	7	.20000 - .23332	6
.23334 - .26667	8	.23333 - .26666	7
.26668 - .30000	9	.26667 - .29999	8
.30001 - .33333	10	.30000 - .33332	9
.33334 - .36667	11	.33333 - .36666	10
.36668 - .40000	12	.36667 - .39999	11
.40001 - .43333	13	.40000 - .43332	12
.43334 - .46667	14	.43333 - .46666	13
.46668 - .50000	15	.46667 - .49999	14
.50001 - .53333	16	.50000 - .53332	15
.53334 - .56667	17	.53333 - .56666	16
.56668 - .60000	18	.56667 - .59999	17
.60001 - .63333	19	.60000 - .63332	18
.63334 - .66667	20	.63333 - .66666	19
.66668 - .70000	21	.66667 - .69999	20
.70001 - .73333	22	.70000 - .73332	21
.73334 - .76667	23	.73333 - .76666	22
.76668 - .80000	24	.76667 - .79999	23
.80001 - .83333	25	.80000 - .83332	24
.83334 - .86667	26	.83333 - .86666	25
.86668 - .90000	27	.86667 - .89999	26
.90001 - .93333	28	.90000 - .93332	27
.93334 - .96667	29	.93333 - .96666	28
.96668 - 1.00000	30 (1 mo.)	.96667 - .99999	29

[1]Refers to the number of days' or partial days' entitlement used.

[2]Refers to the number of full days' entitlement remaining.

Department of Veterans Benefits
Veterans Administration
Washington, D. C. 20420

DVB Circular 20-77-25
Change 1
(Confirming Teletype Trans.)
December 6, 1977

CHAPTER 32
REFUND AND PAYMENT PROCEDURES

DVB Circular 20-77-25, appendix A, is changed as follows:

Page 1

Paragraph 2: Delete and insert

"2. General. All service departments (except Navy) have begun taking necessary actions for the December 1977 transfer to the VA of all contributions which they have collected by allotment from the servicepersons' military pay. The Department of the Navy will delay the transfer of these funds until February 1, 1978. The procedures outlined in this appendix are for immediate application."

Paragraph 3b: After "Participants Not on Active Duty" add "(Navy Only)".

Pages 2 and 3, paragraph 3b: Delete subparagraph (3) in its entirety and insert

"(3) The veteran should forward this request for refund to the Navy Finance Center listed below:

Navy Finance Center
Code OMII
Anthony J. Celebrezze
Federal Building
Cleveland, Ohio 44199

c. Participants Not on Active Duty (All Except Navy). Personnel in the Finance and Veterans Services Divisions should be acquainted with the following procedures to advise applicants of the actions necessary for their completion of the application for disenrollment and refund:

(1) VA Form 4-5281, Notice of Disenrollment and Application for Funds Deposited in Post-Vietnam Era Veterans Educational Assistance Program, will be distributed to all regional offices and service departments as soon as available. Instructions for completion and processing of this form will be released prior to its distribution.

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(2) Pending receipt of the application form, regional offices will accept a written statement requesting disenrollment from the program and refund of contributions. An attached copy of the applicant's DD Form 214, Report of Separation From Active Duty, will be required. However, the statement should contain a paragraph similar to or the same as: 'I request that I be disenrolled from the Post-Vietnam Era Veterans Educational Assistance Program. I further request that all funds that I have contributed to this program be refunded to me at the above address. I realize that by this disenrollment I am forfeiting my entitlement to receive educational benefits which I may have accrued under this program.'

(3) The application should be routed to the regional office Finance activity with the DD Form 214 attached. The Finance activity will review the application to insure the applicant's address has been included and is legible.

(4) The Finance activity will establish a log and file containing a copy of the application and DD Form 214. The log will contain the name, SSN, branch of service, date application received, and date forwarded to the Hines DPC. This information will be retained for response to possible inquiries.

(5) The Finance activity will add below the applicant's signature the following notation: 'Verified by:'. The Finance Officer will verify the contents of the application by including his or her signature followed by the name of the station and the three-digit station number.

(6) The application and DD Form 214 will be mailed to:

Veterans Administration (201/35B)
Data Processing Center
P.O. Box 66303
AMF O'Hare, Illinois 60666

d. 'Questions concerning the receipt and processing of chapter 32 refund applications should be directed by telephone to VACO (047C2) on FTS number 389-5216."

Dorothy L. Starbuck

DOROTHY L. STARBUCK
Chief Benefits Director

Distribution: CO: RPC 2900
FD FLD: RPC 2223, plus 10 additional copies for Finance in ROA; VBC and VROC, 1 each, and DVBE. 1 each
EX: HNSO and AR, 1 each

A-55

Department of Veterans Benefits
Veterans Administration
Washington, D.C. 20420

DVB Circular 20-77-25
Change 2
July 6, 1978

CHAPTER 32
REFUND AND PAYMENT PROCEDURES

DVB Circular 20-77-25, appendix A, Revised, is changed as follows:

Page 3, paragraph 4b: Delete and insert

"b. Applications and Other Forms

(1) VA Form 22-8821, Application For Educational Assistance (For Post-Vietnam Era Veterans - Ch. 32), is to be used for all chapter 32 programs except PREP (a separate application for PREP is being developed). VA Form 22-8821 does not include an enrollment certification as part of the form. Therefore, the schools should be encouraged to submit a VA Form 22-1999, Enrollment Certification, together with the application as a package enrollment.

(2) Other chapter 34 forms will be used as needed until necessary revisions can be made. When so used, these forms should be plainly annotated with 'CHAPTER 32.'"

DOROTHY L. STARBUCK
Chief Benefits Director

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FD FLD: RPC 2223, plus 10 additional copies for Finance in ROA; VBC and VROC, 1 each; DVBE, 1 each
EX: HNSO and AR, 1 each

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Department of Veterans Benefits
Veterans Administration
Washington, D. C. 20420

DVB Circular 20-77-25
Change 3
(Confirming Teletype Trans.)
August 25, 1978

CHAPTER 32
REFUND AND PAYMENT PROCEDURES

DVB Circular 20-77-25, Appendix A, Revised, is changed as follows:

Page 3, paragraph 4c: Delete subparagraph (1) and NOTE and insert

"(1) When a participant contributes to the chapter 32 fund, a master index record is now established in BIRLS (Beneficiary Identification and Records Locator Subsystem) once the required identifying data is received from the service departments.

(a) A participant can be identified through a BIRLS message by one of the following indicators:

1. CHAP 32 ACT (i.e., active): The participant is still contributing to the fund. To be shown as actively contributing, the participant must have made a contribution the previous month covering the month immediately prior to that. EXAMPLE: A BIRLS message on September 15 shows 'CHAP 32 ACT.' This indicates that a contribution for the month of July was recorded in August.

2. CHAP 32 SUSP (i.e., suspended): The participant has suspended monthly contributions to the fund. The participant has contributed in the past and has contributions available for either a refund or payment of benefits.

3. CHAP 32 DISROL (i.e., disenrolled): The participant has contributed in the past but has received a refund of his or her contributions. No contributions are remaining for either a refund or payment of benefits.

(b) Since an indicator is not established for every participant (only for those with the required identifying data), the absence of one of the above indicators in a BIRLS message does not always mean that an individual has no contributions in the chapter 32 fund. Therefore, no claim will be denied without contacting Central Office to verify that no contributions have been made (see subpar. d below).

(c) Regional office personnel will follow the same procedures under chapter 32 for processing in BIRLS as under chapter 34. HOWEVER, IN NO EVENT WILL A CHAPTER 32 INDICATOR BE INPUT OR CHANGED IN BIRLS BY REGIONAL OFFICE PERSONNEL.

(d) VADS (Veterans Assistance Discharge System) processing will remain the same as under chapter 34 with one exception. The VADS-generated VA Form 22-1990V, Notice of Eligibility, Application, and Enrollment Certification, is not issued to veterans with an EOD date after December 31, 1976."

DOROTHY L. STARBUCK
Chief Benefits Director

Distribution: CO: RPC 2900
FD FLD: RPC 2223, plus 10 additional copies for Finance in ROA; VBC and VROC, 1 each; DVBE, 1 each
EX: HNSO and AR, 1 each

Form Approved
OMB No. 2900-0028

VETERANS ADMINISTRATION

NOTICE OF DISENROLLMENT AND APPLICATION FOR FUNDS DEPOSITED IN POST-VIETNAM ERA VETERANS EDUCATIONAL ASSISTANCE PROGRAM

(Chapter 32, Title 38, U.S.C.)

PRIVACY ACT INFORMATION: The information requested on this form is solicited under 38 U.S.C. 1623 (PL 94-502). This information is necessary to properly identify and refund the amount currently being held in the Post-Vietnam Era Veterans Education Account. Disclosure of information requested is voluntary. However, failure to provide this information may delay your refund payment. The information may be disclosed outside the VA as permitted by law, or as stated in the "Notices of Systems of VA Records" which have been published in the Federal Register in accordance with the Privacy Act of 1974.

IMPORTANT INSTRUCTIONS - Prior to completing this form, you should understand that you may be eligible to receive educational benefits. By completing this form, you will forfeit any entitlement you may have earned. If you have any questions concerning your eligibility, contact your nearest VA regional office before submitting this form. If you wish a refund, complete Part I and carefully read the instructions contained in Parts II and III. Failure to complete this form properly may result in delay of your refund.

PART I - IDENTIFICATION DATA

1. NAME OF APPLICANT	2. SOCIAL SEC. NO.	3. BRANCH OF SERVICE	4. VA FILE NO. (If known)

5. MAILING ADDRESS OF APPLICANT	6. ADDRESS OF COMMAND (If on active duty)
ZIP CODE ▶	

PART II - NOTICE OF DISENROLLMENT AND APPLICATION FOR REFUND

7. I request that I be disenrolled from the POST-VIETNAM ERA VETERANS EDUCATIONAL ASSISTANCE PROGRAM. I further request that all funds that I have contributed to this program be refunded to me. I realize that by this disenrollment *I am forfeiting my entitlement* to receive educational benefits under this program. If I am on active duty, I may again enroll in this program by establishing a payroll deduction and thereby reestablish entitlement to educational benefits. However, I will not be able to regain the amount of entitlement I have so far accrued upon refund of these funds.

8. REASON FOR DISENROLLMENT

A ☐ PERSONAL HARDSHIP B ☐ EDUCATION COMPLETED C ☐ VOCATION OBTAINED D ☐ OTHER (Specify)

FOR APPLICANTS ON ACTIVE DUTY ▶

NOTE - The following signature block is to be completed only by applicants on active duty. Signature of Service Approving Official is required only upon disenrollment prior to completion of at least 12 monthly contributions to this program. Carefully read instructions in Part III after this portion is completed.

9. SIGNATURE OF APPLICANT	10. DATE	11. SIGNATURE AND TITLE OF SERVICE APPROVING OFFICIAL	12. DATE

FOR APPLICANTS NOT ON ACTIVE DUTY ▶

NOTE - The following signature block is to be completed only by applicants not on active duty, and must either be notarized by a Notary Public or certified by a VA official upon the applicant's personal appearance and presentation of valid identification at any VA regional office. Carefully read instructions in Part III after this portion is completed.

13A. SIGNATURE OF APPLICANT	13B. DATE	14A. SIGNATURE AND TITLE OF VA CERTIFYING OFFICIAL	14B. DATE

Sworn to and subscribed before me this _____ day of _____, 19 ____

[SEAL]

_____
Notary Public

My commission expires

PART III - CERTIFICATION

INSTRUCTIONS - Applicants on active duty should have Section A completed by the Finance Officer at his/her current installation. Applicants not on active duty should forward this form to the closest Veterans Administration Regional Office with a copy of DD Form 214, Notice of Discharge.

SECTION A - ON ACTIVE DUTY		SECTION B - NOT ON ACTIVE DUTY	
I certify that I have reviewed this document and attachment and that payment or refund is proper.			
15. SIGNATURE OF INSTALLATION FINANCE OFFICER	16. DATE	17. SIGNATURE OF VARO FINANCE OFFICER	18. DATE
19. ADDRESS OF INSTALLATION		20. ADDRESS OF VA REGIONAL OFFICE	

VA FORM JUN 1978 **4-5281** SUPERSEDES VA FORM 4-5281, DEC 1977, WHICH WILL NOT BE USED. A-59

Department of Veterans Benefits
Veterans Administration
Washington, D. C. 20420

DVB Circular 20-76-84
Appendix P
Change 8
January 26, 1978

MISCELLANEOUS PROVISIONS OF PL 94-502

1. Purpose. This appendix provides instructions for implementing various provisions of PL 94-502 which have not been covered elsewhere. This appendix also provides rate tables showing rates payable under this law for chapters 34 and 35 beneficiaries.

2. Ending Date - Chapter 34 Eligibility. PL 94-502 establishes final dates beyond which active duty service will no longer establish eligibility to chapter 34 educational assistance. [(38 U.S.C.1652a)]

a. The basic ending date is December 31, 1976. Individuals entering service after December 31, 1976 (with limited exceptions) have no eligibility to benefits under chapter 34. Basic eligibility, therefore, is based on those periods of active duty, any part of which occurred after January 31, 1955 and before January 1, 1977.

b. [Individuals who first enter on active duty after December 31, 1976, must meet all of the following criteria to be eligible for chapter 34 benefits:

(1) Contract with the Armed Forces before January 1, 1977;

(2) Enlist in or be assigned to a reserve component before January 1, 1977;

(3) Begin active duty on or before January 1, 1978, as a result of such enlistment or assignment;

(4) Serve on active duty for a continuous period of more than 180 days; or, if less, be discharged or released from active duty because of a service-connected disability; and

(5) Be discharged or released from such active duty under conditions other than dishonorable. (This criterion is waived for inservice students.)

EXAMPLE 1: An ROTC (Reserve Officers' Training Corps) student, who before December 31, 1976, contracted an active duty obligation and was assigned to a reserve component (i.e., ROTC unit) when he became eligible to receive a subsistence

allowance from the military, is commissioned on June 12, 1977 upon graduation and immediately enters active duty. This individual has eligibility as a serviceperson under chapter 34 once he serves more than 180 days on active duty.

EXAMPLE 2: A woman enters the Air Force ROTC, subsequently graduates and is commissioned as an officer in the Air Force Reserve on June 14, 1976. She receives an authorized delay of 1 year and enters active duty on June 7, 1977. She has eligibility under chapter 34 once she serves more than 180 days because she incurred an active duty commitment as a result of her ROTC training.

EXAMPLE 3: On February 1, 1976, a woman enters active duty for training for 6 months. On August 1, 1976, she is assigned to a reserve component. On February 1, 1977, at her own request, orders are drawn up directing her to enter active duty on June 11, 1977. She serves 18 months and receives an honorable discharge. She does not have eligibility under chapter 34 because she entered active duty as a result of her request and her orders were not drawn up before January 1, 1977.

NOTE: Under these circumstances, the period of active duty for training is not considered qualifying service.

EXAMPLE 4: An officer is commissioned in the Army Reserve. On November 7, 1976, at his own request, orders are drawn up directing him to enter active duty on March 24, 1977. He serves more than 180 days and receives an honorable discharge. Because this officer's orders were drawn up before January 1, 1977, he has eligibility under chapter 34.

EXAMPLE 5: An officer is commissioned in the Army Reserve during 1976. On December 12, 1977, he is involuntarily called to active duty. He does not have eligibility under chapter 34 because his orders were not dated before January 1, 1977.]

3. Ending Date Chapter 34 Entitlement Computation

a. The ending date for computing an otherwise eligible person's entitlement to chapter 34 educational assistance shall be the date of such person's first discharge or release from active duty after December 31, 1976. [(38 U.S.C.1661a)]

b. The phrase first discharge or release as used above means the first such date a person is eligible for complete separation from service (i.e., first enlistment period ending on or after January 1, 1977) even though said person may reenlist for subsequent service on the same date.

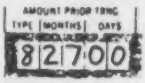
NOTE: The delimiting date is 10 years after the last discharge or release from active duty (not the first discharge or release after December 31, 1976) subject to the final cutoff date in paragraph 4.

c. The following examples indicate the proper delimiting date and period for computing entitlement given certain periods of service:

	EOD	RAD	ENTITLEMENT PERIOD	DELIMITING DATE
1.	6/1/75	5/31/78	6/1/75 to 5/31/78	6/1/88
2.	3/12/74 3/12/77	3/11/77 1/ 12/20/79	3/12/74 to 3/11/77	12/21/89
3.	12/1/75 5/10/77	11/29/76 1/ 5/9/80 2/	12/1/75 to 11/29/76	1/1/90 3/

1/ Eligible for complete separation.

2/ When inputting eligibility data on an original award, the second period of service must be shown in order to generate the proper delimiting date. However, entitlement must not be generated based on the second period. In this example, the veteran has 18 months of entitlement based on the first period. To prevent incorrect computer generation of entitlement for the second period, prior VA training of 27 months (45 months maximum less the 18 months for the first period) must be input as follows:



3/ [See paragraph 4.]

4. Final Cutoff Date - Chapters 34 and 36 Benefits. No educational assistance allowance may be afforded under chapter 34 or 36 after December 31, 1989. [Therefore, the last possible delimiting date is January 1, 1990. (38 U.S.C.1662e)]

5. Explanation of Delayed Enlistment Program [ ]

a. The DEP [(Delayed Enlistment Program) is a program] whereby individuals enlist in or are assigned to a reserve component and subsequently enter active duty in the Armed Forces. Generally, a person delays] entry onto active duty for 180 to 270 days (up to a maximum of 365 days) from the time of entering into the enlistment agreement.

[NOTE: The National Oceanic and Atmospheric Administration has no program equivalent to the DEP. However, the Public Health Service has three programs under DCAD (Delayed Call to Active Duty) that are similar to the DEP: CORD (Commissioned Officer Residency Deferment Program), Senior COSTEP (Commissioned Officer Student Training and Extern Program) and the NHSC (National Health Service Corps) Scholarship Program. Other programs under DCAD are not equivalent.]

b. [A person who enlists in the DEP may establish eligibility to chapter 34 if he or she

(1) Enters into the delayed enlistment agreement and a reserve component before January 1, 1977;

(2) Begins active duty on or before January 1, 1978; and

(3) Meets the other requirements for eligibility (see par. 2b). (38 U.S.C.1652a)]

c. [If an application from a serviceperson or a veteran shows an initial EOD (entered on active duty) date after December 31, 1976, a careful review must be undertaken to determine whether potential eligibility exists under chapter 34 (see par. 2b) or under chapter 32. If the DD Form 214 or application indicates an enlistment or assignment date to a reserve component before January 1, 1977, verification of enlistment under the DEP will be required.]

d. [If development is necessary, a VA Form 07-3101, Request for Information, will be completed and forwarded to the appropriate service department with the following request:

"Request verification of enlistment under a delayed enlistment program to include

1. Date of enlistment in (or assignment to) a reserve component;

2. First EOD; and

3. If discharged or released from active duty, first RAD and character of discharge."

e. Development will not be necessary if a copy of the enlistment agreement is of record and is supported by a

DD Form 214 for veterans or, for servicepersons, the commanding officer's certification of service. DD Form 4C, Enlistment or Reenlistment Agreement, contains DEP data on page 4. (Public Health Service uses PHS 4426, Memorandum of Understanding Concerning Participation in Delayed Call to Active Duty, or an unnumbered Training Agreement.)]

6. Additional Conditions for Approval of an Accredited Course Under 38 U.S.C. 1775

a. In addition to the existing requirements for approval of a course as accredited, schools must now submit to the State approving agency a certification that the school's catalog or bulletin is true and correct in content and policy. This certification must be made by an authorized official of the school. The catalog or bulletin must specifically state the school's progress requirements for graduation and, at the minimum, must include the following information:

(1) The institution's policy and regulations relative to standards of progress required of the student by the institution (this policy will define the grading system of the institution);

(2) The minimum grades considered satisfactory;

(3) The conditions for interruption for unsatisfactory grades or progress and a description of the probationary period, if any, allowed by the institution;

(4) The conditions of reentrance for those students dismissed for unsatisfactory progress;

(5) A statement regarding the progress records maintained by the institution and furnished to the student; and

(6) The institution's policy and regulations relating to student conduct and conditions for dismissal for unsatisfactory conduct.

b. Liaison representatives will notify all schools offering accredited courses of this added provision of 38 U.S.C. 1775. Catalogs or bulletins previously published will not be affected by this requirement. However, the next catalog or bulletin published by the school must meet these requirements and the required certification must be submitted with the catalog or bulletin.

DD Form 214 for veterans or, for servicepersons, the commanding officer's certification of service. DD Form 4C, Enlistment or Reenlistment Agreement, contains DEP data on page 4. (Public Health Service uses PHS 4426, Memorandum of Understanding Concerning Participation in Delayed Call to Active Duty, or an unnumbered Training Agreement.)]

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Department of Veterans Benefits
Veterans Administration
Washington, D. C. 20420

DVB Circular 20-76-84
Change 9
April 19, 1978

MISCELLANEOUS PROVISIONS OF PL 94-502

DVB Circular 20-76-84, appendix P, is changed as follows:

Page 1, paragraph 2b: Below subparagraph (5) add

"c. Individuals in any of the following programs may establish eligibility under subparagraph b (i.e., because they contract with the Armed Forces, are assigned to a reserve component and as a result agree to enter on active duty):

(1) Delayed Enlistment Program (see par. 5);

(2) Reserve Officers' Training Corps;

(3) Armed Forces Health Professions Scholarship Program (HPSP);

(4) Marine Corps Platoon Leaders Class (PLC);

(5) Navy Aviation Reserve Officer Candidate program I (AVROC I); and

(6) Any program in which an individual signs an enlistment agreement in the reserves and delays entry on active duty in order to obtain a specific school assignment, including OCS (Officer Candidate School) or any other school."

Page 4, paragraph 5: Below subparagraph c add

"(1) The DD Form 214 may show in 'REMARKS' that enlistment was under the DEP.

(2) An indication of a possible DEP enlistment can be obtained by subtracting any prior inactive service shown on the DD Form 214 from the veteran's EOD. If the resulting

LETTER OF TRANSMITTAL

ASSISTANT SECRETARY OF DEFENSE
WASHINGTON, D.C. 20301

MANPOWER, RESERVE AFFAIRS AND LOGISTICS

JUN 1 1979

Honorable Alan Cranston
Chairman
Committee on Veterans' Affairs
United States Senate
Washington, D.C. 20510

Dear Mr. Chairman:

Title 38, United States Code, Section 1642 requires that the Department of Defense and the Veterans Administration submit to your committee annually a report on the status of implementation of the Post-Vietnam Era Veterans' Educational Assistance Act of 1976.

The requested report entitled, "Second Annual Report to the Congress on the Post-Vietnam Era Veterans' Educational Assistance Program," is enclosed. It discusses program implementation and operation within the Department of Defense. The Veterans Administration has previously submitted a report to you which describes their management of the program. The two submissions are compatible and may be combined to form a joint report.

I hope that the Committee finds the report useful in its consideration of this important program.

Sincerely,

ROBERT B. PIRIE, JR.
Principal Deputy Assistant Secretary
of Defense (MRA&L)

Enclosure
As Stated

INTRODUCTION

On October 15, 1976, the Veterans' Education and Employment Assistance Act of 1976 was signed into law by President Gerald R. Ford. It terminated the G.I. Bill for individuals entering active duty after December 31, 1976, and established in its place a program to match the contributions made by peacetime volunteers toward future educational expenses.

The purposes of the Veterans' Educational Assistance Program (VEAP), as the contributory plan is known, are threefold: (1) to provide educational assistance to young men and women who initially enter the Armed Services after December 31, 1976, (2) to assist those servicemembers in obtaining an education they might not otherwise be able to afford, and (3) to promote and assist the all-volunteer force by attracting qualified youth for the military.

The Veterans Administration and the Department of Defense share responsibility for the management of VEAP. Servicemembers voluntarily contribute from $50 to $75 a month toward their post-service education fund. After completion of the initial tour of obligated service, or after six years in the active forces, the Veterans Administration matches the servicemember's contribution on a two-for-one basis if the individual enrolls in an approved educational program. The maximum contribution by servicemembers is $2,700 which, matched with $5,400 of Veterans Administration funds, provides a total of $8,100 for a veteran's educational expenses.

This report responds to the requirements specified in Title 38, United States Code, Section 1642 that a report be submitted annually to the Committees on Veterans' Affairs of the Senate and the House of Representatives. Section one of the report describes the administration of VEAP by the Veterans Administration and was previously submitted by that agency. Sections two and three (contained herein) discuss the implementation and operation of VEAP within the Department of Defense and present detailed statistics on VEAP participation.

Section 2. Program Implementation and Operation - Department of Defense

Implementation of the Veterans' Educational Assistance Program (VEAP) by the four Military Services has been completed. In 1978, as in 1977, there was still considerable Service variation in the interest shown by eligible recruits. Because of these differences, each Service was asked to prepare a statement for this report, summarizing its observations on the second year of VEAP operation. The Services were requested to include the following information:

- Description of outreach activities (both those directed to recruiting prospects and those directed to eligible servicemembers).
- Description of enrollment procedures.
- Review of major problems encountered during the year and a discussion of how they were solved (for unsolved problems, a description of the implications for future operation of the program).
- Discussion of reasons why servicemembers elect not to enroll in the program.
- Discussion of plans for Department of Defense "bonus"contributions.

This section presents a summary of this information.

2.1 Outreach

Recruiting Programs

Each of the four Services has a VEAP information program for potential recruits. There is, however, some variation in the manner and extent of VEAP exposure presented in the promotional materials. This variation is attributable to the differing recruiting needs of the Services and reflects general differences in Service advertising scope and methods.

For the past several years, educational benefits have been considered as effective enlistment incentives for persons entering the Army. Army recruiting and advertising materials incorporate frequent references to the educational opportunities available through military service. VEAP is

an integral part of the Army's advertising campaign and is presented in conjunction with the full spectrum of the Army's educational benefits. In 1978, as in 1977, the Army conducted an aggressive promotional campaign -- advertising VEAP in newspapers, magazines, professional journals, radio, and television.

The Navy has also given VEAP exposure in its recruiting campaign. Literature mailed to prospective recruits, standard poster displays, a chart explaining benefits, and other materials are all used to advertise VEAP and create awareness of the program. However, Navy promotional efforts have been confined primarily to its own publications. Information on VEAP has been featured in Navy recruiting literature such as Navy Challenge, Mind Growing Experience, Navy Career Guide, and A Guide to Navy Educational Opportunities.

During 1978, the Air Force expanded its mass media advertising to communicate the benefits of VEAP to young people considering enlistment. In addition to magazine and radio promotions, a film, which is shown in Air Force recruiting offices to prospective applicants, was developed to highlight VEAP as a benefit of Air Force service.

The Marine Corps continued its 1977 policy of concentrating mainly on in-Service outreach efforts. Although Marine Corps recruiters counsel prospective recruits on VEAP benefits, the program is not featured in their advertising campaigns.

In-Service Programs

All new recruits are briefed on VEAP at the Armed Forces Examining and Entrance Stations where they are inducted into the service. At that time, the recruits are required to complete Part I of DD Form 2057, Contributory Educational Assistance Program - Statement of Understanding. The form explains the program in detail and is read and signed by each individual.

The Marine Corps counsels all new enlisted personnel about VEAP at its two recruit depots. Newly commissioned officers receive their VEAP orientation during their Marine Corps basic training program. In addition, Marine Corps education officers are required to identify and counsel all nonenrollees when they report to their first duty station. A pamphlet entitled Marine Corps Educational Opportunities contains information about VEAP. It receives wide Marine Corps distribution among recruiters, career planners, education officers, and all commanding officers.

The Air Force briefs all new recruits on VEAP during their seventh day of basic training. Officers receive VEAP details at their points of accession (Air Force Academy, AFROTC detachments, and Officer Training School) and are required to complete Part I of DD Form 2057. In addition, all newly assigned personnel at permanent duty stations are counseled on educational opportunities available at that base. The counseling is performed by education office personnel and includes detailed coverage of VEAP. Since full benefit for VEAP enrollment may be accrued in a three-year period, the Air Force has also initiated a 12th month VEAP counseling program for enlisted personnel serving four-year enlistments. Beginning in December 1977, all VEAP eligibles who are in their 12th month of service are contacted by education office personnel and given a special VEAP presentation. This provides the individuals with an opportunity to enroll in the program at a time when they are earning more and can still gain maximum benefits from program participation.

The Army and Navy also have in-Service VEAP information and counseling programs. All Army recruits are briefed on VEAP at the Army reception centers. A standardized color videotape presentation is shown to ensure that all enlistees receive a uniform and professional briefing on VEAP opportunities. The Army further requires that soldiers be counseled during in-processing at their first duty location and annually thereafter during their initial tour of duty. Local personnel systems produce computer listings for this purpose. Army junior officers are briefed on VEAP during officer basic courses in the various occupational specialties and again upon in-processing at their permanent duty stations.

The Navy provides information and counseling on VEAP at the recruit training commands. In addition, VEAP has been incorporated into the Navy retention team program to ensure that eligible sailors periodically receive VEAP counseling. Prospective Naval officers are briefed on educational benefits including VEAP at the Naval Academy, NROTC units, and at Officer Candidate Schools. The Navy also promotes VEAP in a wide range of internal publications such as Navy Campus magazine and Careergrams.

Finally, to ensure that VEAP information presented to recruits by the four Services is consistent, complete, and accurate, the Department of Defense is developing a comprehensive, standardized VEAP videotape presentation. This presentation, scheduled for implementation throughout the Department of Defense in June 1979, will describe the VEAP program in an objective, factual manner.

2.2 Enrollment Procedures

Service recruits are briefed on VEAP provisions and requirements at Armed Forces Examining and Entrance Stations prior to entering active duty. At that time, the newly enlisted personnel must read and sign Part I of the VEAP statement of understanding (DD Form 2057) certifying that they received the VEAP briefing. During reception station processing or at the first duty station, each recruit is again briefed on the program and given an opportunity to enroll. The recruit records his or her decision on Part II of DD Form 2057 and signs the form. Servicemembers who elect to participate complete an allotment form which authorizes monthly payroll deductions.

2.3 Significant Problems

The Army experienced a major problem with some VEAP allotments automatically terminating after 12 months. Original instructions to the field had stated that VEAP was a "definite-term" allotment with a minimum term of 12 months. Unfortunately, the minimum term was entered on the allotment form in a number of cases resulting in unexpected involuntary termination of some participants. This problem was addressed by a message to the field revising the allotment instructions. The Army Finance and Accounting Center reprogrammed its computer so that soldiers were notified of pending VEAP allotment terminations in sufficient time so that the allotments could be extended.

The Navy, Marine Corps, and Air Force reported that they experienced no major VEAP problems in 1978.

2.4 Speculation Concerning Why Servicemembers Elect Not To Participate In VEAP

A General Accounting Office (GAO) survey, made in conjunction with an investigation of VEAP participation, suggested four possible reasons why servicemembers elect not to enroll in VEAP.

- They planned to enroll later.
- They had not decided on future educational goals.
- They could not afford to make the required monthly contributions.
- They intended to complete their education while in the Service by taking advantage of in-Service tuition assistance programs.

The survey data are included in the GAO report entitled, "Improvements Needed in Implementation of the Veterans' Educational Assistance Program," dated November 30, 1978. These appear to be rational bases for individuals to decide not to participate and are based on servicemembers' evaluation of the program as well as their personal needs.

2.5 Department of Defense Contributions to the Fund

Title 38, United States Code, Section 1622(c) authorizes the Secretary of Defense to make contributions to servicemembers' educational funds as an incentive to enter or remain on active duty. While that authorization was not used in 1978, the Department of Defense has approved Army and Navy tests of the use of Departmental VEAP contributions, in conjunction with various enlistment options, to evaluate their cost-effectiveness as a benefit for attracting highly qualified young people into the military.

On January 1, 1979, the Army began its test to determine if the additional educational benefit will attract persons who otherwise might not have enlisted. The VEAP incentive will provide qualified enlistees with an opportunity to earn extra money for their educational accounts in addition to the two-for-one matching that is available to every servicemember through participation in the basic VEAP program. A VEAP incentive enlistee who makes the maximum personal contribution to VEAP can accumulate an education fund as follows:

Enlistment Term	Maximum Personal Contribution	VA Matching Award	DoD VEAP Incentive	Total Possible Accumulation
Two Years	$1,800	$3,600	$2,000	$7,400
Three Years	$2,700	$5,400	$3,000	$11,100
Four Years or More	$2,700	$5,400	$4,000	$12,100

Since the Congress intended the VEAP program to be contributory, the VEAP incentive is earned by the enlistee through participation in the basic VEAP program. Upon completion of the required minimum of 12 consecutive months in VEAP, the participant earns $1,600 towards the VEAP incentive for which he or she enlisted. If the participant continues in VEAP beyond 12 months, then an additional $100 is earned each month until the maximum VEAP incentive award specified for the participant's enlistment term is reached.

The VEAP incentive is not paid directly to the participant. When the individual makes application for his or her basic VEAP funds, the Army will transfer the incentive funds into the VEAP account maintained by the Veterans Administration. The incentive funds will then be disbursed to the participant in equal monthly installments along with the matching funds from the Veterans Administration.

The Navy VEAP contributory test, which is essentially identical to the Army's, began on March 1, 1979. The Marine Corps and the Air Force have no plans for the testing of VEAP incentive contributions at this time.

Section 3. Study of Participation

3.1 Summary of Results

Although eligibility for participation in VEAP extends to personnel in the U.S. Coast Guard, the U.S. Public Health Service, and the National Oceanic and Atmospheric Administration, this section covers only the Department of Defense.

The Department has compiled detailed statistics on VEAP participation by selected demographic characteristics for calendar years 1977 and 1978. In addition, the data have been cross-tabulated to focus on the monetary level of contributions.

The statistics show the following:

- Using 1977 participation rates as a baseline, there was a substantial increase in VEAP participation during 1978.
- The total number of individuals who enrolled in VEAP in 1978 was 71,419, an increase of 30,930 over 1977 enrollments.
- In 1978, 24.8 percent of all newly enlisted personnel enrolled in VEAP, as compared to 15.2 percent in 1977.
- Participation rates in percentages for those eligible in 1977, 1978, and in the two years combined were:

	1977	1978	1977/78
Total DoD	15.2	24.8	20.2
Army	20.4	34.1	27.5
Navy	19.9	32.4	26.4
Marine Corps	7.9	13.7	11.1
Air Force	1.0	7.1	4.6

- In 1978, as in 1977, VEAP participants were almost exclusively enlisted personnel.

- In 1977, for all Services except the Air Force, the participation rate by female enlistees was disproportionately low. This situation changed in 1978 as female participation reached parity with male participation.

- In 1978, as in 1977, blacks and Spanish-surnamed individuals were consistently over-represented among VEAP participants.

- Non-high school graduates had a slightly higher participation rate in 1977 than did high school graduates. In 1978, interest in VEAP shifted toward the better educated groups.

- Eligible enlistees from the above-average mental categories were slightly underrepresented among 1977 VEAP participants. In 1978, however, there was a definite increase in participation within those mental aptitude groups.

- The participation rate of married enlistees continued to be low. In addition, the likelihood of VEAP participation diminished as the number of dependents increased.

- While a majority of the 1978 VEAP participants (55 percent) still selected the $50 minimum contribution level, the percentage of participants who elected the $75 maximum level increased from 28 percent in 1977 to 34 percent in 1978.

- The average monthly contribution for the two years was $58.33 and $59.71 respectively.

- Of the 111,731 servicemembers who enrolled in VEAP in 1977 and 1978, 85,882 were still in the program as of January 1979. Of the 25,849 individuals who had disenrolled from VEAP during that two-year period, 9,387 (36 percent) dropped out because they had separated from service and were no longer eligible to participate while 16,462 (64 percent) remained on active duty but voluntarily decided to terminate their VEAP contributions.

- Experience to date indicates that 89 percent of VEAP enrollees who remain on active duty participate in VEAP for at least one year. Sixty-nine percent of Navy, Marine Corps, and Air Force enrollees participate for at least two years while for Army enrollees that figure is 48 percent.

- It is not known whether the rates of voluntary discontinuance indicate dissatisfaction with the program among VEAP participants. However, the Department of Defense plans future studies to determine the causes for voluntary discontinuances.

3.2 Data Sources and Definitions

Data Sources

Information identifying and describing VEAP participants was obtained from the accounting and finance centers of the Services. Demographic data on VEAP participants and eligibles were obtained from the DoD Master and Loss File and the U.S. Army Recruiting Command First Examination and Accession File.

Definitions

Servicemembers eligible to participate in VEAP were those individuals who entered active duty on or after January 1, 1977. During calendar year 1977, over 367,000 enlisted servicemembers (nonprior service) entered active duty. Approximately 102,000 enlisted entrants were ineligible for VEAP benefits because they entered service under a 1976 Delayed Entry Program (DEP) agreement.[1/] The remaining total of approximately 265,000 enlisted servicemembers were defined as "eligible."

For calendar year 1978, the eligible population was more easily defined. It included all enlisted servicemembers who entered active duty from January through December 1978. This total was approximately 288,000. Individuals who signed a DEP agreement in 1977 but who entered active duty in 1978 were thus counted as 1978 eligibles.

For the purpose of this report, VEAP participants include all persons who ever enrolled in VEAP. Individuals identified as 1977 participants enrolled in the program during calendar year 1977 while 1978 participants are those servicemembers who enrolled during that year. In addition, VEAP participants also include persons known to have separated from the Service or who voluntarily disenrolled from the program. (Duplicate records on persons who have disenrolled and then re-enrolled are not included.)

3.3 VEAP Participation Patterns

In order to study patterns of VEAP participation within the Department of Defense and the four Military

1/ Individuals who entered active duty through calendar year 1976 DEP agreement and who successfully completed more than 180 days of active duty were eligible for "G.I. Bill" educational benefits. Under DEP, individuals contract to enter the Services at a later date.

Services, participation rates were computed for various groups of interest. These rates depict the statistical relationship between the number of eligibles and number of participants. They are simply the ratio of participants to eligibles in each category. In addition, information regarding the amount of monthly contributions is also presented in order to identify trends in the levels of financial commitment.

Officers were not included in the analyses because the total number of officers who enrolled in VEAP was only 177 in 1977 and 824 in 1978. This represented four-tenths of one percent and one and one-tenth percent of the total VEAP participants, respectively. Thus, VEAP participants for the purpose of the study include enlisted servicemembers only.

Table 1 presents the number of VEAP participants and the participation rates for the four Services and the Department of Defense for calendar year 1977, 1978, and the two years combined. Using the 1977 participation rates as a baseline, it is clear that there was a substantial increase in VEAP participation during 1978.

Table 1
Number of Enlisted VEAP Participants and
Participation Rates (Percent)
by Military Service and Total DoD

	1977		1978		1977/1978	
	Number	Percent	Number	Percent	Number	Percent
Army	24,509	20.4	40,819	34.1	65,328	27.5
Navy	12,753	19.9	20,729	32.4	33,482	26.4
Marine Corps	2,568	7.9	5,177	13.7	7,745	11.1
Air Force	482	1.0	4,694	7.1	5,176	4.6
Total DoD	40,312	15.2	71,419	24.8	111,731	20.2

VEAP enlisted participation rates were also computed for the Services and DoD according to sex, race/ethnic group, educational attainment, mental aptitude category, and marital and dependent status. Tables 2 through 6 present that information.

Sex

Enlisted VEAP participation rates according to sex are presented for 1977 and 1978 in Table 2. In 1977, participation among females lagged behind that of males. This

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situation corrected itself in 1978 with the female participation rate showing significant improvement. In fact, in the case of the Army and the Marine Corps, female participation rates exceeded those of males.

Table 2
Enlisted VEAP Participation Rates (Percent) by Sex and Military Service for Calendar Years 1977 and 1978

	Army		Navy		Marine Corps		Air Force		Total DoD	
	1977	1978	1977	1978	1977	1978	1977	1978	1977	1978
Male	20.5	32.9	19.9	32.8	8.0	13.5	1.0	7.2	15.4	24.6
Female	16.5	39.5	16.4	26.1	5.0	16.4	1.0	6.4	10.7	24.7
TOTAL	20.4	34.1	19.9	32.4	7.9	13.7	1.0	7.1	15.2	24.8

Race/Ethnic Groups

Information pertaining to VEAP participation by race and ethnic group can be found in Table 3. As in 1977, for all Services combined, the 1978 participation rate among the white/non-Spanish group was below the total participation rate. Participation rates for minorities, on the other hand, exceeded the total rates. The Services taken as separate entities generally followed this pattern with the exception of black enlistees in the Marine Corps and the Air Force.

Table 3
Enlisted VEAP Participation Rates (Percent) by Racial/Ethnic Group and Military Service for Calendar Years 1977 and 1978

Race/ Ethnic Group*	Army		Navy		Marine Corps		Air Force		Total DoD	
	1977	1978	1977	1978	1977	1978	1977	1978	1977	1978
White/Non Spanish	17.4	31.2	18.6	30.3	7.4	13.7	1.0	7.4	13.0	22.4
White/ Spanish	27.6	44.5	23.0	38.6	9.8	16.7	1.0	7.6	20.7	32.7
Black	23.5	35.1	25.1	40.0	7.3	12.2	.6	4.9	19.3	28.3
Other	27.8	44.3	22.5	43.0	15.6	16.4	1.5	9.2	21.1	32.7
TOTAL	20.4	34.1	19.9	32.4	7.9	13.7	1.0	7.1	15.2	24.8

* Race/Ethnic Group was determined by identifying Spanish surnames and combining surname information with race.

Education

Comparison of 1977 and 1978 enlisted VEAP participation rates by educational attainment are displayed in Table 4. In late 1976, before implementation of VEAP, most projections of VEAP enrollment anticipated a disproportionately high rate of participation by individuals who had completed high school, since it was generally assumed that most VEAP participants would be college bound. In 1977, this speculation proved to be in error with VEAP participants generally representing a cross section of eligible accessions. This trend continued in 1978.

Table 4
Enlisted VEAP Participation Rates (Percent)
by Education and Military Service for
Calendar Years 1977 and 1978

Education	Army		Navy		Marine Corps		Air Force		Total DoD	
	1977	1978	1977	1978	1977	1978	1977	1978	1977	1978
1 Year High School or Less	16.4	38.7	14.4	23.0	6.0	24.4	0	1.5	15.6	29.6
2 Years High School	19.0	27.7	16.8	27.7	7.1	8.4	0	1.7	16.1	21.0
3-4 Years High School	21.1	34.9	19.6	30.1	7.4	11.7	.6	4.3	17.4	23.6
High School Diploma Graduate or GED	20.6	46.1	20.0	32.2	7.8	14.4	.9	7.2	14.4	24.5
Some College	22.4	35.1	31.0	40.2	14.1	28.3	2.1	8.2	19.0	33.0
College Graduate or Post Graduate	18.0	34.1	15.8	34.0	6.5	18.9	1.3	8.5	12.4	23.7
TOTAL	20.4	34.3	19.9	32.4	7.9	13.7	1.0	7.1	15.2	24.8

Mental Aptitude Category

All applicants for enlistment are tested for their mental aptitude. Mental aptitude is determined from the combined scores of three subtests (word knowledge, arithmetic reasoning, and spatial perception) on the Armed Services

Vocational Aptitude Battery (ASVAB). These scores are then used to classify applicants into one of five so-termed mental categories (Category I through V). Those in Categories I and II are above average in aptitude; those in Category III are average; those in Category IV are below average, but still eligible for enlistment; and those in Category V are at the very bottom of the scale and not eligible to join the Services. Mental Category III is also subdivided into finer classifications.

ASVAB percentile scores for the mental categories are distributed in the following manner.

Mental Category	Percentile Score
I	93 - 100
II	65 - 92
IIIa	50 - 64
IIIb	31 - 49
IV	10 - 30
V	0 - 9

Table 5 presents the results of the mental category analyses. In 1977 for DoD as a whole, servicemembers who scored below the 50th percentile on the ASVAB participated in VEAP at a slightly higher rate than did those who scored above the 50th percentile. This was no longer true in 1978 when the participation rates were fairly evenly distributed across all mental categories. With the exception of the Navy, individuals in Mental Category I had the highest participation rates.

Table 5
Enlisted VEAP Participation Rates (Percent) by
Mental Category and Military Service for
Calendar Years 1977 and 1978

Mental	Army		Navy		Marine Corps		Air Force		Total DoD	
Category	1977	1978	1977	1978	1977	1978	1977	1978	1977	1978
I	23.3	48.5	18.6	34.4	12.2	24.5	2.1	13.9	15.3	32.0
II	21.0	38.7	20.0	32.6	9.2	17.7	1.3	8.7	13.9	25.7
IIIa	19.1	32.3	20.3	30.4	7.6	12.6	.7	5.8	13.5	21.9
IIIb	20.0	30.8	21.2	32.4	7.0	10.8	.5	4.0	16.8	24.0
IV	22.9	30.8	21.5	34.7	8.0	11.6	.8	6.7	21.0	28.8
TOTAL	20.4	34.1	19.9	32.4	7.9	13.7	1.0	7.1	15.2	24.8

Marital Status and Dependents

Table 6 displays information about VEAP participation by marital status and dependents. These demographic characteristics were grouped together for two reasons: (1) they both reveal patterns of participation among individuals who may have disparate abilities to set aside contributory funds, and (2) there is a strong correlation between marital status and the number of dependents.

Each Service followed the same pattern in 1978 as it did in 1977. Married enlisted personnel participated at rates well below the total participation rate, and the likelihood of VEAP participation diminished as the number of dependents increased.

Table 6
Enlisted VEAP Participation Rates (Percent) by Marital Status, Dependents, and Military Service for Calendar Years 1977 and 1978

Marital	Army		Navy		Marine Corps		Air Force		Total DoD	
Status	1977	1978	1977	1978	1977	1978	1977	1978	1977	1978
Single	22.1	35.1	21.1	32.9	8.1	13.9	1.1	7.6	16.3	25.5
Married	8.8	21.3	3.0	12.2	3.4	6.5	.3	2.9	5.7	13.5
TOTAL	20.4	34.1	19.9	32.4	7.9	13.7	1.0	7.1	15.2	24.8
Dependents										
None	20.2	32.4	20.1	30.3	7.8	13.4	1.1	7.5	15.1	23.7
One	14.0	27.6	9.7	31.0	4.5	7.7	.3	4.3	9.0	18.3
Two	5.0	11.7	1.0	6.4	1.6	1.7	.2	1.6	3.2	7.9
Three or More	2.1	5.6	.2	6.0	1.1	3.8	.1	1.2	1.5	4.2
TOTAL	20.4	34.1	19.9	32.4	7.9	13.7	1.0	7.1	15.2	24.8

Amount of Monthly Contribution

As in 1977, the distribution of participants according to the amount of monthly contribution was clearly bimodal, with the peaks being at the minimum and maximum contributory levels. The $50 minimum contribution continued to be the most popular option among VEAP participants. Approximately six out of ten VEAP enrollees DoD-wide elected to contribute at the lower limit. This general trend held true for each Service except the Air Force. Only four out of ten Air Force

enrollees contributed at the minimum level, while half contributed at the maximum ($75) level. For the other Services, approximately 30 percent of the enrollees participated at the maximum level.

Table 7 shows the percentages of servicemembers who elected to participate at the various levels of contribution.

Table 7
Enlisted VEAP Participation Rates (Percent) by Amount of Monthly Contribution and Military Service for Calendar Years 1977 and 1978

Amount	Army		Navy		Marine Corps		Air Force		Total DoD	
	1977	1978	1977	1978	1977	1978	1977	1978	1977	1978
$50	62.0	52.9	57.0	61.4	63.9	61.9	40.0	41.6	60.3	55.3
$55	1.6	2.0	1.8	2.1	.2	2.9	1.0	1.2	1.6	2.1
$60	3.7	5.7	12.8	5.7	11.3	5.4	5.3	4.6	7.1	5.6
$65	1.6	2.1	3.2	1.5	.3	2.0	3.0	1.7	2.0	1.9
$70	.4	.8	.7	.5	.1	.6	1.8	.8	.5	.7
$75	30.7	36.5	24.4	28.8	24.3	27.1	48.9	50.1	28.5	34.5
TOTAL [a/]	100	100	100	100	100	100	100	100	100	100

a/ Percentages may not add due to rounding.

3.4 VEAP Continuation Patterns

Table 8 presents data both on the total number of VEAP participants and on those who discontinued participation before they had accrued full benefits. The data are grouped to display the rates of participation and discontinuance for individuals who enrolled in VEAP in each three-month period since the beginning of the program.

Inspection of Table 8 shows that of the 111,731 servicemembers who enrolled in VEAP during 1977 and 1978, 85,882 were still in the program as of January 1979. Of the 25,849 individuals who had disenrolled from VEAP during the two-year period, 9,387 (36 percent) dropped out of VEAP because they had separated from service and were no longer eligible to participate while 16,462 (64 percent) remained on active duty but voluntarily decided to terminate their VEAP contributions.

Table 8
Comparison of Eligible Enlisted Accessions, Enlisted VEAP Participants, and Enlisted VEAP Discontinuances
(January 1977-December 1978)

ALL SERVICES

Quarter of VEAP Enrollment	Number of Eligibles	Total Number of VEAP Participants	Participation Rate (Percent)	Number of VEAP Discontinuances		Number of Remaining VEAP Participants as of Jan 1979
				Separated1/ from Service	Remained2/ in Service	
Jan-Mar 77	51,916	2,822	5.4	787	1,171	864
Apr-Jun 77	63,505	8,410	13.2	1,893	3,060	3,457
Jul-Sep 77	87,689	14,332	16.3	2,012	4,496	7,824
Oct-Dec 77	61,802	14,748	23.9	1,486	3,883	9,379
Jan-Mar 78	64,394	14,552	22.6	1,355	1,537	11,660
Apr-Jun 78	69,385	13,814	19.9	843	1,230	11,741
Jul-Sep 78	98,057	22,597	23.0	544	1,085	20,968
Oct-Dec 78	56,053	20,456	36.5	467	0	19,989
Total	552,801	111,731	20.2	9,387	16,462	85,882

1/ Involuntary discontinuance.
2/ Voluntary discontinuance.

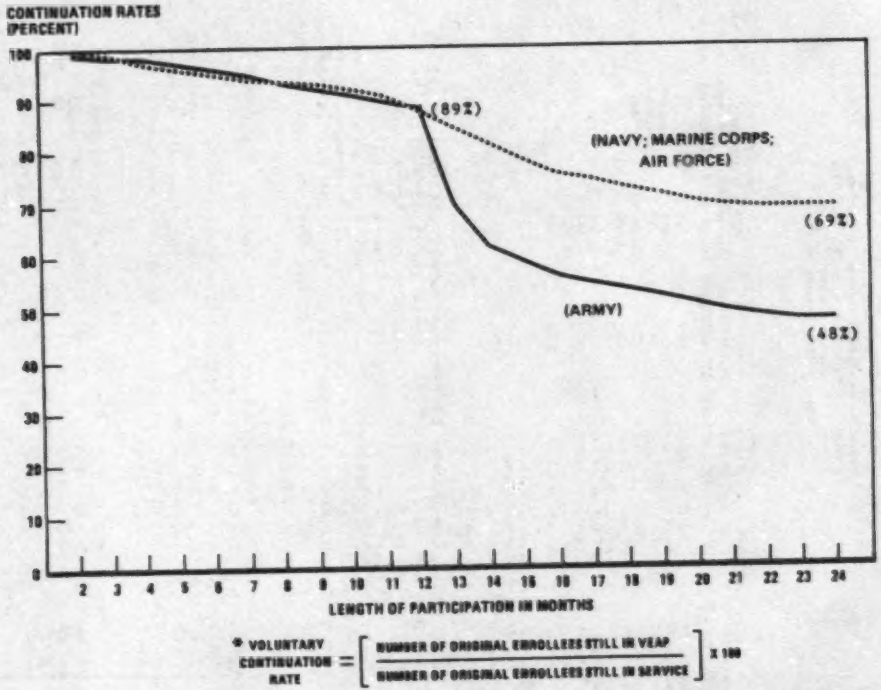
While the number of servicemembers who were still in the program in January 1979 is one index of VEAP's success, it is also important to look at continuation trends over time. Figure 1 shows voluntary continuation rates by length of VEAP participation. Two curves are plotted in that figure: (1) an Army curve, and (2) a combined Navy, Marine Corps, and Air Force curve. Data for the latter three Services fell so close together that a single curve could be used for all three.

Review of Figure 1 reveals that through the first 12 months of VEAP participation, the two curves are virtually the same and that approximately 89 percent of all VEAP enrollees remained in the program. At the end of 24 months, 69 percent of Navy, Marine Corps, and Air Force enrollees and 48 percent of Army enrollees were still participating in VEAP.

The sharp drop in the Army curve at the 13-month point may be explained by the different allotment procedures of the Services and their implementation of the VEAP law. Under Title 38, United States Code, Section 1621(a), when a servicemember elects to enroll in VEAP, he or she must participate for at least 12 consecutive months before disenrolling or suspending participation. The one exception to this requirement is for those servicemembers who are permitted to disenroll because of personal hardship. In all four Services, the 11 percent decline in participation over the first year is due to disenrollment for hardship reasons.

Figure 1

VEAP VOLUNTARY CONTINUATION RATES *



* VOLUNTARY CONTINUATION RATE = [NUMBER OF ORIGINAL ENROLLEES STILL IN VEAP / NUMBER OF ORIGINAL ENROLLEES STILL IN SERVICE] X 100

3148 9

When individuals in the Navy, Marine Corps, and Air Force begin VEAP participation, their allotments are of indefinite term (with a minimum of 12 months as prescribed by law) and continue until the individuals take action to stop them. On the other hand, Army personnel who enroll in VEAP take out definite term allotments. (These allotments have a 12-month minimum but may be of any longer duration up through the number of months of the individual's enlistment.) Two months before allotments terminate, solders are notified by the Army Finance and Accounting Center so that if they desire they can extend their allotments. Many soldiers with 12-month allotments did not extend them, and thus discontinued their VEAP contributions. Recognizing this effect, the Army plans to convert their VEAP allotment system to an indefinite one such as is used by the other Services.

It is interesting to compare the percentage of servicemembers eligible to use VEAP benefits with the percentage that earned benefits under the old G. I. Bill. Table 9 illustrates the comparison for those who entered service in 1977 -- a transition year when some entrants (those who enlisted prior to January 1, 1977, but entered active duty in 1977) were eligible for the G. I. Bill while others were eligible for VEAP.

Table 9

Comparison of the Percentage of Enlisted Personnel Eligible to Receive Educational Benefits under VEAP and the G. I. Bill

Eligible for	1977 Enlisted Accessions	Number Who Remained in Service More than 180 Days	Eligible for Veterans Educational Benefits	
			Number	Percent
VEAP	265,000	225,000	36,000	14
G. I. Bill	102,000	87,000	87,000	85

Under the old G. I. Bill, everyone who served more than 180 days was eligible for the benefits. Under VEAP, only those who chose to participate and who served more than 180 days are eligible. Table 9 shows that only 14 percent of the 1977 enlistees who were eligible for VEAP earned VEAP benefits. By comparison, 85 percent of the enlistees eligible for the G. I. Bill earned that benefit.

3.5 Possible Reasons for Voluntary Discontinuance of VEAP Participation

There appear to be three reasons for servicemembers to voluntarily discontinue VEAP contributions:

- They have temporarily suspended participation but intend to resume it at a later date.
- They have concluded they set aside sufficient monies to cover the expense of their planned education and no longer feel a need to participate in VEAP.
- They are dissatisfied with the program and have decided against any further participation in VEAP.

At the present time, the Department of Defense is unable to estimate the numbers of individuals who voluntarily discontinue participation for each of the above reasons. The Department of Defense will initiate a survey of VEAP voluntary disenrollees to determine the reasons for discontinuing their participation. Results of the survey will show whether or not the rates of voluntary discontinuance are indicative of serious dissatisfaction with VEAP.